

R E P O R T

FROM

SELECT COMMITTEE

ON

MALT DRAWBACK ON SPIRITS:

TOGETHER WITH

THE MINUTES OF EVIDENCE,

AND

APPENDIX OF PAPERS,

AND AN

I N D E X.

*Ordered, by The House of Commons, to be Printed,
4 October 1831.*

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R E P O R T.

THE SELECT COMMITTEE appointed to inquire into the Effects produced by allowing a MALT DRAWBACK ON SPIRITS, and to report the same, together with their Observations thereupon to The House, and who were empowered to report the MINUTES of the EVIDENCE taken before them, together with their Opinion thereupon, to The House:—HAVE considered the Matters referred to them, and have agreed to the following RESOLUTIONS:

Resolved,

1.—THAT it is the Opinion of this Committee, That the present system of allowing a Drawback on Malt Spirits affords great opportunities for Fraud.

Resolved,

2.—THAT it is the Opinion of this Committee, That in any manner of reducing or repealing the Malt Drawback, due precaution be taken to prevent the revival of illicit Distillation.

4 October 1831.



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MINUTES OF EVIDENCE

*Veneris, 16th die Septembris 1831.*FRANCIS BARING, ESQUIRE,
IN THE CHAIR.

Mr. John Falls, called in; and Examined.

1. **A**RE you a distiller?—I am.
2. In what part of Ireland?—Dungannon, and county Tyrone.
3. Have you been long in the trade?—About twenty years.
4. In a considerable way?—At present very largely.
5. You were examined before the Committee appointed to inquire into the subject of Distillation connected with the Revenue of England, Ireland and Scotland in the year 1823, and you gave Evidence on that occasion?—I did.
6. You are aware at that period a regulation was proposed, and afterwards adopted, for allowing a Drawback on Malt used in the distillation of Spirits?—Yes.
7. Have you, as a distiller, availed yourself of that opportunity of working under that law?—Never; except in one instance.
8. At what period was that?—In the year 1823.
9. Did you find in your practice as a distiller, that the checks which the law intended against the commission of fraud, under that Act, were effectual?—By no means.
10. In what way do you consider that they were not?—From the facility of introducing raw grain and substituting it for the Malt, which can be done in many ways. I shall state those ways, or one or two of them, as you shall think right. Malt made for the purpose of the Drawback is made under a different law from Malt made for common purposes. That made for the Drawback, you are obliged to state your intention before you make the Malt, and it is then subject to certain Excise regulations. Until it goes to be dried in the kiln, it is not subject to any checks that Malt made in the common way is not subject to. When it is on the kiln, and before it is removed from that into the lock-up place, it then begins to be subject to other regulations. It is then measured from the kiln into the lock-up place, and if you want to remove it from the lock-up place to the mill for the purpose of being ground, you give notice. It is then measured from that place, the lock-up place, to the mill where it goes to be ground. If you intend to use it immediately, you convey it to your mash-tub; but if it be not intended for immediate use, it is brought back after being ground, and deposited in the lock-up place again, until you require to get it out for mashing. From the time it leaves the lock-up place to be ground, there is no check nor any preventive as affecting the distiller, or to prevent him abstracting any proportion of it and substituting raw grain in its stead. There is no check in the mill to prevent him doing so; and when he is about to use it, there is in fact nothing to prevent him putting what grain he pleases into his keive to mash. In this state of the case, I am stating that of a maltster who is also a distiller for the Drawback; I will now state the case of a maltster, merely a dry maltster, as they call him, who is not a distiller. A maltster not a distiller, works precisely under the same regulations that I have stated; but when he comes to sell his Malt, he sells it to any distiller that he contracts with for that purpose who wishes to obtain the Drawback. For instance, the Malt may be made in England, and I understand has been made in England, to be sent to Ireland to

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be distilled, to obtain the Drawback. During the time it is under conveyance from England to Ireland there is no check which could prevent the Malt being taken away and barley substituted in its stead; when landed at the quay of Belfast or Dublin, there is nothing, in sending it from the quay to the distillery, to prevent the distiller, if he loaded a hundred carts, from sending fifty of them down one lane, and to have fifty loaded with barley coming up another lane to join it, so as to have all delivered at the distillery as Malt. There is no check, not any, not the least. When the Malt arrives at the distillery in which it was intended to be used, it then becomes subject just to the same regulations as if it had been made by a maltster who was a distiller. What I have stated is one way in which it could be changed, and which I believe is the common way.

11. In the conveyance?—Either from the lock-up place in the mill, or to the mash tun, or in the conveyance from where the Malt is made to where it was actually used.

12. You mentioned that in the process of malting on the premises the quantity put into steep is measured?—Yes; it is done under the same regulations as if you were making it for any other purpose.

13. It is also measured on the floor as often as the Exciseman pleases?—Yes, gauged.

14. And it is measured when it is thrown upon the kiln-head?—Yes; gauged, I should say, if the Officer thought proper so to do.

15. And when it comes off?—It is measured off.

16. Then it is measured in the lock-up room?—Yes, it is measured from kiln-head into lock-up room.

17. At what period of that process do you allege that the raw grain can be substituted for Malt?—When it is on the kiln it is well known that the part of the Malt next the kiln-head is first dry; the upper part is then in a soft state. The maltster then could shift the soft part of his Malt to the one side, remove the part that was dry away, and substitute raw barley instead of that abstracted, exactly to amount to the quantity so abstracted. That mixed with the quantity of Malt that remained in the kiln could not be ascertained by any one—the quantity, or whether any was abstracted or not, for these reasons, that in the process of malting all grain is not of equal quality; the part that is good germinates; the part that is bad does not grow at all; in point of fact it remains raw barley.

18. Explain in what manner it would be possible for a trader to introduce so bulky an article as grain, and mix it on the kiln-head in a distillery?—There is nothing to prevent a maltster making Malt in this way to have any quantity of raw grain in his concern that he thinks proper. He can have a shoot right over his kiln-head; he can have that shoot or hopper loaded to any extent he pleases; and when he takes the Malt away he has only to open his shoot and let it down equal to the quantity he abstracts. The Revenue Officer is often six or eight hours away; when he is away, it is clear, with sufficient hands he can remove a very large quantity away from it. Besides, there is not so very large a quantity as might be thought at once put on the kiln; it is not very large; therefore there would not be much labour required in abstracting it from the kiln; it would only be done at one time to the amount of six or eight bags (the kilns are generally about 20 feet square). It would only be to repeat the abstraction the oftener.

19. Is it not the habit that all Malt is malted on an earthen floor, and on the ground story?—No.

20. Do you think in distilleries generally they are in the habit of making up stairs?—In the majority of malt-houses in Ireland. I would go further, for I would say, that in seven-eighths of them there is a second floor, in almost every one of them. The reason is evident; it is put there to command the kiln-head with greater convenience. I am sure, I may say, that nineteen out of twenty malt-houses are constructed as I say, with a floor either on the exact level with the kiln-head, or a very little under it, or a little above it. It is necessary for the purpose of gauging to have your raw corn quite convenient, for it is the practice to convey it with shoots to the place where it is to be wet. Besides, malt-kilns may not always be used for malting purposes; the law allows a distiller, on giving certain notice to the Excise, to use the kiln for the purpose of drying raw corn; the whole arrangements are made for conveying it to that place with the greatest facility.

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21. The result of your Evidence is, that, as a practical distiller, there is nothing now in the law which will prevent a distiller, if he chooses to do it, from using raw corn instead of Malt in distillation in Ireland?—I may say that no law or laws can be devised that can prevent it.

22. Abstracting Malt for selling it to any one that will buy it as Malt?—Precisely so; and nothing can be devised; it would come to that point that the Revenue Officer must in fact be the distiller and the miller, and fill every capacity in the whole concern, to prevent it being abstracted.

23. In many distilleries the malt-houses are so situated, that the distilleries are on one side of the street and the breweries on the other?—Yes.

24. Of course any facility the distiller has of removing his Malt would be greatly increased by these circumstances?—Yes, they are so situated that in the raw corn distillery they have only to walk out of one door, and walk into the other. They can walk out of the front door, and then walk into the Malt distillery. I can name two large distilleries so arranged.

25. In Ireland?—No, in Glasgow.

26. Whose is that?—Mr. Harvey's.

27. Are you much acquainted with the process of malting?—I know the entire process, so far as inspecting my malt-house very often when at work. I am not what is called a working malster.

28. Be so good as to state whether there is not something you know by the name of outcast or swell, that enables you to make more Malt than the quantity charged by the Excise?—The law regulates that, at certain periods certain allowances are to be made for that swell; if they were not made, the swell would show great increase, and cause penalties to be brought against maltsters. The law provides against any unfair advantage being taken in that way; it increases and decreases them according to the age of the Malt. But the quantity of barley put into the steep fairly gauged does not produce more Malt than comes to charge when fairly gauged after it is dried.

29. There is no outcast, no surplus quantity?—I think the allowance is five per cent.

30. Is there any source of fraud if a quantity of barley which is charged with 26 bushels of Malt, and in reality produces 26 bushels of Malt,—you say it would be possible under such circumstances for a distiller to draw back the Duty on the 26 he would produce and show to the Excisemen, though he had paid Duty on 24; is it possible that a fraud could be committed in that way?—No, that is not the way it is managed; the Drawback is on the quantity of Malt used, and product of the Spirit; and the law regulates the product at two gallons of proof Spirits for every bushel of Malt. No matter how much more you produce; you would get into the lurch if you produced much more.

31. There is no possibility of fraud from the arrangement of the charge of Malt Duty?—No, I do not think in that way; when it can be extracted, it is of no use for the malster to run a risk in having an extra quantity when he can manage it much more easily in another way.

32. Why is it that, admitting a possibility of substituting raw grain for Malt, and obtaining a Drawback in selling the Malt to be used by the brewers,—why is it that advantage, if that fraud is only taken in Scotland, and not in Ireland, assuming that both classes of men are equally honest?—I think that is a part of the case which is very imperfectly understood; I would say with respect to that, that the Scotch were working for a great number of years under certain Malt regulations different from the Irish maltsters. In Ireland the Malt regulations, until within these two years—not two years yet—were quite different from those of Scotland, much more strict, more calculated to prevent fraud; and until lately the Irish malster had not the same opportunity of managing it in that respect as the Scotch malster; and it is only in these two years that we have come under the same regulations with respect to Malt of the other. The Scotch maltster and distiller has had a greater number of years' experience to manage his business the best way he could for his own interest: we have not had that experience; but I have no doubt that frauds did exist and were committed in Ireland even within these two years, under the Malt Drawback. I have no hesitation in saying they will be daily increasing; and if a remedy were not applied, we should be driven to do the very thing we consider the Scotch are doing. I do not say that was the system of Irish malting before the change of law was perfect. I tell the Committee candidly it was not perfect; a good deal of Malt

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was made; but I say that the late regulations give greater facilities for smuggling than those formerly in existence.

33. You speak of them comparatively?—Nothing more.

34. According to your old system, did you not malt against time?—I never did myself.

35. Was it not the general practice in Ireland?—It was the acknowledged practice.

36. Was there not professedly, according to law, a double system, one by which a distiller was charged with as much Malt as it was assumed he could make in a given time on given premises, and the other, which professed to be a strict system of survey, which charged him accurately, or professed to do so, with the quantity of Malt he did make; but was it not true that all the maltsters were charged according to the first system, namely, that which professed to charge him with as much as he could make?—It was the case.

37. Was not the check against that inadequate, and were they not able to make a great deal more than they were charged with?—Yes.

38. Was it not the fact that the mode of charging Malt Duty before the change to which you have alluded was extremely lax and irregular?—I think the system, as formerly pursued, was not nearly so lax as the present system, supposing the Revenue Officer did his duty equally well in each case.

39. Was it not utterly impossible for the Officer to do his duty according to the system of malting against time?—No; I think the Revenue Officer must be the stupidest man in the world if he was at a malt-house daily under the old law, and could not detect a fraud committing in it. It was in this way the maltster in most cases made seven steeps or eight; certainly seven or eight; he made in the month perhaps more than I have stated; he was in the habit of making more, probably another steep or two.

40. In point of fact, a great deal more Malt was made in Ireland under the old system than paid the Duty to which it was liable by law?—Yes.

41. How are the Committee to conclude that it was the strictness of the old system that put the Irish distiller on that system, if he is not wise and crafty enough to take advantage of those loop-holes the existing law admits of?—The Scotch distillers had been working under a system the Irish distillers were unacquainted with altogether; and since the year 1823, when I was examined before the Committee of Inquiry, the law was completely changed in Ireland, and we had to take down our distilleries, and put them up again; we naturally felt that we were a length of time before we came to have as good a knowledge of it as the Scotch. I am convinced we have not yet got as perfect in the practice of how to manage the Malt as they have done; very likely we should find it out in the course of time.

42. Under the old system of distilling in Ireland, when you malted against time, were the distillers in the habit of making Malt for themselves?—I was, and a great many of them were; but those situated in good barley countries did not always do so. With respect to myself, I almost always made my own Malt.

43. If a distiller was in the habit of malting for himself, had the Scotch any advantage over him in the situation of his premises; was not the Irish distiller as well able to take the advantage of this lax law as if the malt-house was near the distillery?—In some cases he could not procure the barley.

44. But why are you in a worse state of circumstances than the others?—In some cases, it was not only that his premises were not so conveniently arranged as the Scotch, but he was under the disadvantage of obtaining grain.

45. To what extent does that operate, and what is the nature of it?—In many parts of Ireland, the oats are the general crop; in certain districts, the culture of barley is not much attended to.

46. Of the total quantity of whiskey made by the distillers in Ireland, what proportion do you think is obtained from an extract of oats; is it one-half or two-thirds?—I am quite unprepared to answer.

47. Is one-fourth of oats, do you think, used?—In some places a great deal more.

48. But speaking of the whole number?—I think more.

49. Do you think it approaches a third?—I think it might be more even than that; I cannot tell what others do; I can tell what I do myself.

50. What proportion do you use?—I have often used oats altogether, and no barley at all.

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51. Do you ever Malt oats for the purpose?—No.

52. To what extent do you think Spirit extracted from Malt is superior to that extracted from raw grain?—My opinion with respect to that is different from most distillers, and I gave the same opinion in 1823 that I will give now; that I think there is not that superiority which is generally attributed to Malt Spirits. I ground my opinion on this; Malt Spirits are decidedly better when first produced; Corn Spirits are more of a raw description; but when both are kept for a considerable time, I do not believe any distiller or other person could tell which is which.

53. Which is most saleable in the market, taking the north of Ireland; in Derry, how much more would a person give for good Malt Spirit in Derry than raw Corn Spirit in Dublin?—When they can get good raw Corn Spirit they seldom inquire for the other; and with respect to myself, in 1828, I made in one period for Malt Drawback not more than produced 40 puncheons, 15 puncheons of which I still have; stating that I still have them, I must explain, because if the Excise books were referred to I do not appear to have any at all; you are obliged, in bonding Malt Spirits, to put it into a separate store from raw corn; the store of these 15 puncheons occupied a space that would hold about 100; I got them out on paying the Duty, and re-bonded them.

54. You could not sell them?—I have not sold them.

55. You are aware that at the time the existing distillery law was under consideration, "Parliament whiskey," from one end of Ireland to the other, was a word of contempt; to what cause do you attribute that, if raw corn whiskey is equal to malt whiskey?—We have now got quite a different plan of making whiskey; we were working against time, which was an expensive process; we were then forcing the process, and did not look so much to quality as to profit; and if they obtained a large quantity of Spirits they did not attend so much to flavour as now; great pains is now taken to make it a pure and good article.

56. Is malt whiskey now a better article, and more palatable, than that which was produced under the old law?—Yes.

57. Does the distinction of Parliament whiskey remain as a matter of obloquy now?—No.

58. Your legal whiskey is in good repute?—Yes, but at the same time the Committee are not to understand that some distillers are not making Spirits in an illegal way in certain districts.

59. But the illegal distillation has diminished exceedingly?—The illegal distillation had, in my opinion, almost altogether subsided, but it has grown up again, particularly since the late additional Duty of 4d. and 2d. was laid on Spirits. That increase of Duty will cause a diminution in the Revenue, which will be ascertained by the 10th of October next.

60. The distinction between the Parliament whiskey and the other, made by the public, must have ceased by the diminution of the illegal distillation?—Yes, it was notorious at one time that most gentlemen liked to have illegal whiskey.

61. If the superiority of Inchoellen whiskey did not arise from being made from Malt, from what source did it arise?—Before going into that I would say, the proof that the superiority is not so great as it is considered; the distillers in the neighbourhood of Inchoellen have made little Malt Spirits at all; scarcely any.

62. Can you speak to this; what whiskey forms the bulk of the consumption of the town of Derry?—Raw corn whiskey.

63. That you are confident of?—Yes.

64. As to the comparative merits of the Spirit, cannot a person tell the difference by pouring a little water into the raw corn whiskey; does it not turn white, and the other turn blue; is there not a great deal of essential oil?—No whiskey turns white, unless it is excessively badly made. If it turned white you could not sell it.

65. You stated that a very considerable portion of the whiskey made in Ireland is from oats; and that being so, you cannot take the advantage of the boon held out by law, as to the Drawback, as you cannot draw back on oats, what portion is made from the corn you call here?—In some districts they have no here at all.

66. Have they in any district?—Yes.

67. How does the Malt Drawback operate on that?—The law with respect to that was altered last Session; the law was altered last Session with respect to
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here and bigg; the latter is a description of four-rowed barley, and is in fact neither more nor less than four-rowed barley; it is so called from the way it grows.

68. What is bere?—It is winter-sown, and is a long prickly corn; four-rowed barley is a short small corn. I am one of those in that district to take advantage of the law, which I will this year; for I think that law never should have been made; I mean the law as affecting bere and bigg.

69. What advantage does it hold out?—The Duty on bere and bigg, when malted, is seven-pence a bushel less than on barley.

70. But the flat side did you call bere, and the four-rowed, which you call bigg?—Yes, and in order to take advantage of malting the four-rowed bigg, scarcely any bere is used at all; it is stiff, and does not Malt so well as the bigg, or as barley does.

71. Without committing any fraud on the law, you can take advantage of that?—Yes, it has been taken advantage of last year; my premises were so situated that I could not alter them to meet the law; but the meeting the law is nothing.

72. Is the law so arranged as to make it certain that the Exciseman may never allow the lower Duty on any grain except those two which you describe to be entitled to it, and can you introduce barley?—Yes, with the greatest facility.

73. Would it be mixed in the threshing floor?—Yes.

74. After it was threshed out can you distinguish the grain?—I can explain the way the law is; in Scotland grain is bought in a different way than in Ireland. The Scotch distiller goes into the market and buys, in many cases, a large quantity from one holder; in the north of Ireland we buy it from one and from another. The law is, we are obliged to get a certificate from those people having sold bere or bigg; the man who sells the corn signs whatever you like; it goes into his store. The law says this must be notified by the Officer, and he is to come and inspect it; you must get five or six additional Officers over every malt-house, to give them time to inspect each bag. The law, I believe, obliges the buyer to keep every parcel of bere and bigg separate for 12 or 24 hours before putting it into the large heaps.

75. When you put your corn into steep, how long do you put your barley before it grows?—Barley of a large description, called two-rowed barley, is kept longer in the steep than the other.

76. Does it not require 68 hours to ferment barley, and will not bere ferment in 44 or 48 hours?—The bere that I am speaking of, in the distinction I make; the bere would require as much as the large grain, or rather more; it is thicker in the hull.

77. Four-rowed barley takes as long to germinate in the steep as bere?—No.

78. How is it possible then to mix Malt grain; would it not be difficult, if he malted barley with bere, the one being literally overgrown, and the other not shooting at all?—The maltster would not do so; he would wet each kind of corn separately.

79. Does not the Exciseman take the hour of putting in steep, and taking out of it?—It is one of the provisions of the law he should do so.

80. How is it possible that the distiller can commit the fraud you describe, of putting barley into one and bigg into the other?—After it is wetted, he could not tell the difference.

81. But it could not grow?—If the Revenue Officer is to ascertain the fraud at all, it is before the corn is wet that he would ascertain it.

82. Is it so that the barley requires 68 hours to germinate, and the bere and bigg is fully germinated in 44?—Bigg will germinate sooner than barley, but it is quite at the option of the maltster, and one maltster will give his corn more water than another, by several hours.

83. Will you have the goodness to explain, if a trader declares to work for bere and bigg, and waters his barley for a certain time, if he puts barley into the steep, would he not lose thereby, by the corn not being properly germinated?—No, the law with respect to the times of wetting would be quite sufficient to make good Malt, taking it that all he puts in the steep was of one description. It is from the bushel you get the Drawback; and you must produce two gallons of Spirit from every bushel of Malt.

84. Is he not first charged with his Duty on that Malt before he draws it back?—Certainly.

85. What advantage is it to him to make a bad article, to cheat himself; if he pays his Duty on the Malt, and works from raw grain, what possible advantage is it to a distiller to make a bad article, for the benefit of going through the process, as to make it better, and gain a demand in the market? What advantage to the trader is it to half-malt his grain, and pay Duty on it, to draw it back, and make it complicated, by getting a Drawback for what he would not be called to pay if he made it from raw corn?—By making it for Drawback he makes it cheaper, and he makes it very good still, and then the price of malt whiskey varies in the Scotch market very much indeed, which cannot be accounted for at all, except that one is made from a greater proportion of raw corn than another; there is a difference of from 1s. 6d. to 2s. per gallon, 25 per cent., in Malt whiskey in Scotland.

86. As you pay a lower rate on bere and bigg when malted than you do on barley, you have an advantage if you can introduce barley, and malt it with the bere and bigg, and pay the lower rate of Duty on the better commodity, that is to say, on the barley?—There is no advantage that I am aware of as affecting the Drawback on Malt.

87. The superiority of the grain does not give you an advantage in that way?—No, you may make it which way you like.

88. What is the amount of Duty you draw back on malted bere or bigg you use in your distillery?—You draw back 2s. 4d. per bushel; but I am not quite sure how that is arranged; but it is from the bushel of Malt you draw it back, and from each bushel you must produce two gallons proof Spirits; it is therefore a Drawback of 1s. 2d. per gallon.

89. Is there any thing in the law or in the state of circumstances, as affecting bere and bigg, which puts the Irish distiller into a disadvantageous position, as compared with the Scotch distiller?—I am not aware of any as far as that goes.

90. There is considerably with regard to oats, but not with regard to bere and bigg?—Yes.

91. Now, as to barley, what advantage has the Scotch distiller in obtaining barley in the market that is fit for the purpose of malting, which the Irish have not?—In some places where they grow it, they can get it more readily. I am not aware of any facility they have in getting barley the Irish could not have; they import a great deal from Ireland.

92. Is much barley imported from Ireland to Scotland?—A good deal.

93. For the purpose of being malted there?—I do not know for what purpose; I should say for the purpose of making raw corn spirits.

94. On the eastern side of England and Scotland is not barley superior to what is grown on the west of Scotland or Ireland?—The English barley I have seen is of superior quality.

95. Does the facility with which that barley can be obtained give the Scotch distillers any advantage over the Irish?—I should think none of any consequence; the only advantage it could give them would be in the difference of freight that would be paid.

96. Does not barley which has sprouted in the field, or which is imperfectly ripened, Malt less perfectly than that which has ripened evenly, and is what is called a poor sample?—Yes.

97. But the Irish can get any grain as well as the Scotch or English?—Yes, the only difference would be the freight, and that might affect either party.

98. Do you not know that the distillers in Ireland have frequently got barley from Norfolk?—Very often.

99. In point of fact, as far as bere and bigg go, and as far as barley goes, and also as far as the advantage of taking the benefit of the Drawback goes, the two countries are equally situated; but as to oats, Ireland is disadvantageously situated, and cannot take the advantage?—In some parts of it.

100. The west and the north?—Yes.

101. You have read, have you not, a Report from the Board of Excise to the Treasury on the Malt Drawback on Spirits distilled in Scotland and Ireland, which was laid before this Committee?—Yes, I have.

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102. It is stated in that Report, at page 17, "The law requires, in the first place, that all Malt for which the allowance can be claimed shall be made by maltsters specially entered for that purpose. It is enjoined, secondly, that all such Malt shall be measured and taken account of at the kiln, by which any surplus above the gauged quantity in the preceding stages of the operation is charged with Duty. Thirdly, it must be immediately removed to the distillery, where, after having been again measured, it is deposited under the lock of the Officers." Does that statement correspond with your practice, as far as those are checks, as it is stated?—No, it is not the way in which it is done; I never knew it to be done in that way.

103. In what have the Commissioners of Excise been in error in making that Report?—After the Revenue Officer gives it out of the lock-up place to be conveyed to the mill for immediate use, I never knew of any interference with it afterwards.

104. Supposing the Commissioners of Excise to be right as to the statement in distilleries that you know nothing of, when the Malt goes to the mill, and is ground, is there then any way of ascertaining by measure the original quantity?—None whatever.

105. So that, in point of fact, if this check which is supposed to be applied was applied, it would amount to nothing?—Yes.

106. It is stated in the Report, that "when required for use, the necessary quantity is again measured by the Officers, whose duty it is to see it deposited in the mash tun;" is that in point of practice done?—I never knew it nor heard of its being done.

107. As a collateral security, distillers from Malt are prohibited from having any raw grain upon their premises, under a heavy penalty and forfeiture of the allowance; is that the case where a distiller is his own maltster?—No, it is not; and it is no matter whether he is his own maltster or not, it is not the case.

108. Supposing him to be his own maltster, he might malt from raw corn, and have it on his own premises?—There is no law to prevent a distiller having it in the mill with the Malt when he is going to grind.

109. You have already stated to the Committee that the principal way in which you conceive frauds are committed on the Revenue by means of this Malt Drawback is by abstracting the Malt and substituting raw corn in its place; are you aware whether there are any other means of defrauding the Revenue by the complication of accounts?—Yes, there might be.

110. Explain to the Committee your views as to the way in which they are committed?—I have stated two plans by which they could be committed; I then went on to state several other ways in which they could be done. The lock-up place is, of course, situated in the distillery, or upon the premises of the person who makes the Malt; there are many ways in which it might be taken out of the lock-up store. The best instance I can give the Committee is my own. The lock-up store was next the kiln-head; the raw corn store was right over; the kiln-head is in the centre of the malt-house; the upper loft goes right over the whole, and may be occupied by raw corn. I would then have nothing to do but to lift a board out of the floor in the raw corn store, take out the Malt, and put the raw corn in its stead, so that when the Officer comes to measure what he thought the Malt, he would measure out the quantity one part of raw corn and the other of Malt.

111. But is not that upper store under the same lock as the under one?—There is no lock at all upon it.

112. Do the Officers allow it when they know it to be in that position without a lock?—There is no law to prevent it.

113. From your knowledge of the Revenue Officers generally, are you able to say whether they could easily detect raw grain that was ground from Malt in that form?—No, it could not be known; the most practical man amongst us could not tell it when ground.

114. If it were as easy as you describe to defraud the Revenue and obtain the Malt Drawback, and get rid of the Malt itself to a better market, what is the reason the practice has not prevailed to the same extent in Ireland as in Scotland?—I can only say with respect to myself and others, when the change of law was made we were very glad to have it effected. My Evidence in 1823 went to make for the change. I was the only distiller then examined who
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wished for the change; the other was a bad system, as I conceived, and of a very lax nature. After we came under the present law, several of us in Ireland entered into regulations not to make more Whiskey than we were chargeable with by law, and not to use any Malt that had not paid His Majesty's Duty. We bound ourselves in certain penalties amongst ourselves; it was very binding upon a great many of us.

115. Was that entered into by all the legal distillers of Ireland?—Not by all.

116. From your knowledge of the distillers whom you associate with, they have only one object in view, to get profit?—To get it in a fair way.

117. And they think that by getting it without defrauding the Revenue, they are better off than by getting by means of defrauding the Government?—We think it would be a very hard case to drive us to that position.

118. Can you state any reasons, if the Irish distiller were disposed to defraud the Revenue which would operate against you more than against others?—Nothing more than that there are two causes. My idea is, and the observation I make from personal examination, I consider that the distillery law is not carried into force in Scotland with the same strictness as it is in Ireland.

119. Do you state that of your own knowledge?—Yes, I do; I have been through part of Scotland. The other would be in many districts a difficulty in obtaining the barley. The reason I state this is, that in all our leading distilleries in Ireland we have three or four Officers over the distillery. In Scotland a great many of them have only one; I believe in many instances only one Officer to seven or eight distillers, and the superior Officers that come to those places come once a week, or once in ten days. Our superior Officer is obliged to come himself every day. And in point of fact, I think the greatest kindness the Board of Excise could do to a distiller working honestly, is to give every facility to his business. I would prefer having one on the spot, so that my business would not be retarded. If you have to send for them, you would in many cases be kept back.

120. Does your observation apply to any other than small distilleries; is there not more than one in the large ones?—Not constantly; he must sleep there if he was there constantly.

121. What is the size of the stills in Ireland where you say three or four Revenue Officers are constantly superintending?—In some cases they are very large; my mash still is of the size of about 10,000 gallons.

122. What is the size of those stills in those distilleries where the Officer has the charge of several?—Very small.

123. Do they exceed 40 or 50 gallons?—Yes, they do, I think, for that is excessively small.

124. In what part of Scotland is it where one Officer attends?—In the northern part of Scotland.

125. Where you allege fraud?—Yes.

126. Is it more difficult to superintend a large distillery than a small one?—No, he can superintend one just as easily as the other.

127. Have not a great many Scotch distillers gone to Ireland to set up there?—They have; and upon that point I may mention that my visit to Scotland in September was to procure a working distiller. The Scotch had a great name for being very clever; I went over to see if I could better myself.

128. Do they come over as proprietors of stills, or as workmen only?—Both.

129. Some of the leading distillers in Ireland are Scotch, are they not?—Yes.

130. But they have been settled a considerable time?—Yes, they have.

131. You stated, that after the Malt was taken out of the Malt store, it never was looked after again, either on being ground, or never measured on being put in the mash-tun?—In one of the instances I gave of the two, it was brought back, the distiller not having occasion to use it instantly; if he was going to use it instantly, it would not be returned, it would be ground, and he would use it at his discretion.

132. You have stated it would be impossible to prevent this mixture; would not a lock on the head of the bopper, where the Malt goes through, and measurement after it came out and went into the mash-tub, prevent any chance of admixture at that time?—I do not think it would.

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133. You were understood to state, that the law, as it exists, gives greater advantage to Scotland; that the fraud, whatever it may be, must ultimately come to this, that the distiller must substitute barley for Malt, for which he is to obtain a Drawback; and he is to remunerate himself by putting money into his pocket, to which he would not be entitled, by selling a person Malt charged with less Duty than it ought to be. Do the circumstances of Scotland enable distillers to carry Malt so withdrawn to a more advantageous market than you would be able to do in Ireland; or is there greater consumption, and a readier market for Malt in Scotland than in Ireland?—In many places in Scotland there are, from arrangement; because in large towns, where there are a great many breweries, there would be more facility than in a country place, where there are none at all, or perhaps no second distillery.

134. In a former answer you stated to the Committee, that one of the reasons why you thought the Duty was less strictly collected in Scotland than in Ireland was, that one Officer was put to superintend a number of stills; that must mean the small stills?—That applies to the Duty generally; one Officer may have charge of several distilleries.

135. Are you not aware that the small distilleries exist in a part of Scotland, in which, from there being no breweries established, and it not being the practice to brew for private families, there is no ready demand for Malt, or can you explain the difficulty, inasmuch as, according to your statement, the greatest smuggling would take place in that part where there was the least facility for disposing of the Malt?—There are a great number of small distilleries in the north of Scotland; and I should say the facility a small distillery in the north of Scotland would have, would not exceed the advantage a small distillery in Ireland would have; but as to the size of the stills, such as 40 or 50 gallons, if the whole thing were smuggled, it could not be of great consequence.

136. Are not those small stills exclusively engaged in manufacturing Malt Spirits?—They may be so. In the north of Scotland they almost all make Malt Whiskey in those excessively small distilleries.

137. In making Corn Spirits there is a portion of Malt used?—Yes.

138. Does not your charge come to this, that even in those small distilleries in the north of Scotland, the Malt abstracted from the manufactured Malt Spirits is afterwards transferred to corn spirits, and gets the Drawback?—They would get the Drawback on the Malt.

139. And the distiller would be able to sell the corn spirits afterwards so much the cheaper?—Yes; and with respect to that, I think now is as good a time to state the actual practice in Ireland a great many years ago, before the Act of 1823; when we were committing frauds in Ireland, we sold our Spirits that were brought to charge at a price we could not make it for, and made up the difference on the Spirits actually smuggled. I sold Spirits very largely, to an immense loss, in that way.

140. Though there is no market from brewer, and no consumption of Malt by private individuals, still there may be a demand for that Malt which has obtained the Drawback in the manufacture of corn Spirits?—Yes; but as to that it is not necessary for the distiller to commit the fraud; he may be a very honest man, and wishing to pay the very utmost farthing to the Revenue. It is competent for the maltster to commit the fraud, making Malt for the Drawback. The distiller contracting with the dry maltster contracts for a certain quantity of Malt; he sends him not all dry Malt, but a mixture, having abstracted a portion of the Malt; he sells the part that is abstracted to a brewer or distiller; still the distiller may not be aware that he has got any thing but what he contracted for.

141. Why would the Scotch be in a situation to take advantage of that fraud more readily than the Irish?—I cannot conceive that they are; I am not aware that they are.

142. Supposing the Malt once abstracted from the malt-house in which it had been declared for Drawback, there is no check upon it afterwards?—No, not the least; it can be sent to any place and to any person in the same way as any other grain.

143. It does not follow that it must be brewed or distilled in the neighbourhood?—That I mentioned in the beginning of my statement, when I said it was made in England and distilled in Ireland, for the Drawback in Scotland, very largely.

144. From your own knowledge in the cases of these small distilleries you speak of in the north of Scotland and Ireland, is it the practice to buy of the maltster, or do they make for themselves?—In small distilleries in Scotland they have what are called malt-barns, we call them malt-houses—they call them barns.

145. What is the average price of Malt in Scotland and Ireland?—I believe in Scotland it is generally higher than in Ireland, as well as all descriptions of corn.

146. As far as the difference goes, the Scotch, you think, would have a greater advantage from the fraud?—Yes.

147. Now as to the great consumption of Spirits, is it in drams or in punch-making in Ireland or in Scotland?—I think it is in drams; I think it is so in an immense proportion.

148. Do you think any dram-drinker could tell the difference between Malt Spirit and Grain Spirit?—I do not think he could; not a common dram-drinker. A punch-drinker might.

149. Have you been examined as to the effect that the Malt Drawback has in the suppression of illicit distillation?—No.

150. In Scotland it is supposed to have an effect, is it not?—My answer to that would be more a conclusion than any thing I could state of my own knowledge. If that was the fact, many distillers would take the advantage of it.

151. Did not illicit distillation exist to a very alarming extent in Ireland?—Yes, and is about to exist to a very large extent.

152. Do not you think it a very likely thing, that if the Drawback had this effect in suppressing it in Scotland, it might have been adopted in self-defence for the distillers in Ireland?—No.

153. Has it been done?—No.

154. Illicit distillation has decreased since 1823?—It decreased, and was, in my opinion, put down very nearly altogether; it has increased since the additional Duty of 4*d.* and 2*d.*

155. Is it your opinion that illicit distillation has been suppressed in Ireland chiefly in consequence of lowering the Duty?—It has distinctly been so.

156. And by parity of reasoning you may fancy the same consequence would follow in Scotland?—Yes.

157. Did the Malt Drawback exist before the reduction of Duties?—In Scotland it did, in Ireland not.

158. It was not generally understood until the reduction of Duties took place?—No.

159. What quantity of Spirits do you get from a quarter of Malt?—I cannot tell you; we calculate in barrels in our country.

160. Have you stated all the modes that, according to your judgment, exist for committing frauds so as to obtain the Malt Drawback on Spirits that are not made with Malt?—I think I have, but with respect to the lifting up of a board, I might go further, and say I have heard of a case where Malt for Drawback was secured by a staple driven into the post of a door with a lock on it; the staple was removed, the raw grain was deposited, and the Malt taken out, and no Excise Officer knew that it was taken. There are many ways by that mode of cheating that could be devised, and very likely are acted on.

161. You are aware that the Scotch distillers undersell the Irish distillers in the Irish market?—I am very well aware of that.

162. How do you account for that fact?—I am quite clearly of opinion that with respect to that there is no way of accounting, except that it is by evasion of the Duty in Scotland, and I put that evasion generally.

163. You do not confine it to the Malt Drawback altogether?—No.

164. You know of no natural advantages that the Scotch distillers have over the Irish, that would account for their being able to undersell the Irish in the Irish markets?—Of no natural advantage that they possess, except with respect to coals. That they do not possess over me, for I believe that I produce my gallon of Spirits at as moderate a charge of coals as any distiller in Scotland. The reason is, that the Irish collieries near me supply me with good coals, for such purposes as brewing, distilling or raising steam at a cheap rate.

165. Are you actually undersold by the Scotch distiller?—Constantly.

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166. What proportion of Scotch whiskey, compared with the whole consumption of Ireland, is brought into Ireland for consumption?—I cannot say; the Returns could be had of that. I could state what one house in Belfast brought in last year. One of the partners is a relation of my own. I was in Scotland when he bought 250 puncheons at one purchase.

167. Taking coals for the Irish Distilleries generally to be in a less advantageous position than yours, what do you estimate the difference in the gallon of Spirits, which any difference in the price of coals that you know of can make?—Not much difference, and that difference is lessened.

168. Can you bring it to pecuniary calculation?—I should say they must have the advantage in some places of a penny per gallon; but I should suppose that the greatest possible advantage they could have would be three half-pence; and the reason it is so is, because I think the Irish distiller, with respect to economy in fuel, manages his business better than the Scotch distiller does; and that arose a long time ago. Scotch distillers had their fuel at so excessively cheap a rate, that they did not attend to economy.

169. Then calculating it at a penny or three half-pence, what do you calculate will be the expense of freight and charges on a gallon of Spirits coming from Scotland to Ireland?—The expense of conveying Spirits to Ireland amounts, I should suppose, to about three half-pence a gallon; that covers all. I should say that one is about balanced with the other.

170. Do you know of any other natural advantage which the Scotch have over the Irish?—No; on the contrary, we possess many advantages, such as water power and cheaper corn. I know the case of a corn merchant in my town, who took corn on carts five miles; he sent it down the canal about 35 miles, and sold it to a gentleman, the agent of a Scotch distiller, and brought home whiskey in return; he brought the whiskey back on carts at an expense of full three half-pence per gallon.

171. Are those Spirits which are so sold in Ireland cheaper than the Irish distiller can produce them, Malt Spirits upon which the Drawback has been claimed, or mixed Corn Spirits?—Both.

172. You have stated that the Scotch distiller has superior skill to the Irish distiller?—I went to Scotland, thinking the Scotch distiller might have a superior way of managing, having heard it asserted that he had.

173. You stated that that enabled him to undersell the Irish?—Several Scotch distillers stated so.

174. Did you get a Scotch distiller?—I did.

175. Did you find any saving?—I did not find any saving; I showed him where we had great savings, and he acknowledged them; one of them was a very glaring one, for where they use 14 or 15 stills, which must cause a great loss of fuel, we do the same work with two; and we also use a great deal less barn.

176. Is the Committee to understand, that, according to your judgment and according to the Evidence you have given, the Irish Spirit could be sold cheaper than the Scotch could, if there were not something of fraud upon the Revenue to make the Scotch able to sell cheaper?—I think the Irish distiller can make it cheaper, but I think the Irish Spirit should sell higher than it, as it is of a better quality, and it does command a better price.

177. Could it be produced cheaper?—We could produce it cheaper than they can; I could.

178. It consists with your general knowledge of the trade, and of a great many distilleries, that the Irish distillers generally have as much skill and science, and produce as great a quantity of Spirit from grain, as the Scotch or English?—I have not a doubt of it; and as to my own concern, manual labour is cheaper. They pay in many places in Scotland 12s. or 13s. a week to workmen; my labour is done at a great deal less cost.

179. Your own manual labour is cheaper in the south of Ireland than in the north?—I believe it is.

180. Did you ever purchase any Scotch whiskey?—Yes.

181. Did you ever compare it with your own?—Yes.

182. Do you think it is superior or inferior?—It is not so good whiskey as ours; a Scotch distiller was in my concern; he was staying in my distillery, and he stated that our Spirits were better.

183. Was that grain or malt whiskey spirit?—I showed him the grain Spirits; he said it was better than the Scotch; he did not give an opinion on the other.

184. The Scotch whiskey is generally bought in Ireland for lowness of price rather than for its alleged superiority, is it not?—As a source of profit.

185. In reference to the Malt Drawback and illicit distillation, do you know of any instance in which a distiller, working illicitly prior to the year 1823, came within the law in consequence of these Malt Drawbacks?—No, I never heard it; I never heard of a private distiller taking out a license and becoming a public one; there never was, I think, such a case.

186. You have stated, in answer to some questions put to you, that the survey upon the maltsters was extremely lax; and you are understood to have stated since, that the survey on the distillers is very strict in Ireland, more so than in Scotland; to what circumstance is it owing, that in one case the Excise Officers are strict, and in the other lax?—I would say the arrangement of the law and Excise regulations was a great cause of it; the Officers in Ireland do their duty; they go to the malt-house as often as they are required by law; I should say the same thing with respect to the distilleries; but I would add, there are Inspectors travelling about, and the local Officers have the dread of these persons coming.

187. Do they not travel about equally in Scotland?—I cannot say; I cannot say with respect to the travelling Inspectors, whether they travel in the same way in Scotland as in Ireland; I speak more particularly of the fixed or permanent Officers over the distilleries in Scotland.

188. Would the disadvantage under which you state the Irish distillers labour be effectually remedied in your view if the Malt Drawback were altogether got rid of?—I think not; not entirely remedied; I think it would be in a great part, and that the other would naturally follow.

189. In what degree and in what particular do you think it would not be remedied?—With respect to the making of Spirits that do not pay Duty.

190. What reason have you for thinking the Duty is more strictly charged and levied in Ireland than in Scotland?—For the reason that I have mentioned; that a greater number of Officers are placed over the distilleries in Ireland than in Scotland.

191. Have you reason to believe, that in one country they do their duty more strictly than in the other?—In some cases, which I think proceeds from the arrangement of the Excise Officers.

192. You are not required to make any disclosures of what is unlawful; but have you had any reason to know that a Scotch distiller (without naming him) was in the habit of producing about 10 per cent. more Spirits than he paid Duty for?—Certainly; it came under my own knowledge.

193. Do you mean to say, that a distillery of the same size is under a stronger check in Ireland than in Scotland?—I consider so; the principal reason I would give as to that would be, that as far as my own knowledge goes, I think there has been a greater interchange of Officers in Ireland than in Scotland; I am not aware of clever Irish Officers being sent over to Scotland; I am aware of English Officers being placed over them in Scotland and Ireland, and very proper men many of them are; but as to the arrangement of Officers, that is a thing the Excise could tell you more distinctly about.

194. But as to the number of Officers, taking a distillery of your own size, do you believe the same distillery in Scotland has fewer Officers placed over it?—I could not say that; I would not take on me to say that; but I would say, in Ireland, in my own town, there is only one distillery, and that that distillery has three or four Officers; that in the town of Glasgow there are a great number of distilleries, and very likely the same set of Officers would have to survey several of them, and that they could not pay attention to several, in the same way as where they had only one distillery to attend to.

195. Is it by the produce of the small stills in Scotland or the large ones you are undersold?—The produce comes, I should say, from the large distillers in the south.

196. Are you undersold with the Spirit from raw Corn, or with that from Malt?—By both.

197. Do you know the name of the houses who are the chief exporters of Spirits from Scotland to Ireland?—I knew two or three of them.

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198. Do you know if they distil from Malt or mixed grain?—Some of them from both.

199. How many are there of both?—I am not certain; one I know; I was in both the concerns; that was Mr. Harvey, of Glasgow; he has two very large ones of each kind. With respect to Mr. Gourlay, I do not know that he is in the habit of changing from raw Corn to Malt.

200. Are any of the small Highland distillers in the habit of sending Spirits to Ireland?—I heard of some small shipments from the Highlands.

201. Do they undersell you?—Any Highland whiskey that I know comes to Ireland is sold at a less price than the Irish distiller sells his Irish whiskey at.

202. Is the Highland whiskey good?—They say it is very good; it has a peculiarly smoky flavour.

203. What is the difference in price of Irish whiskey and Scotch whiskey, raw corn whiskey?—I think the general difference is from 3*d.* to 4*d.* per gallon; I have known it at sixpence.

204. Your belief that frauds are committed in Scotland is entirely founded on suspicion?—I am not personally aware of actual frauds.

205. It results from this, that from your knowledge the Irish could sell as good and as cheap Spirits?—Yes.

206. From the two things, first, that the Irish could sell as cheap or cheaper than the Scotch, on a system of perfect fair play; and, secondly, from the opportunities of committing frauds which you know to exist?—Yes.

207. Are there opportunities peculiar in Scotland, or do they exist in Ireland?—Both are under the same law.

208. What is the price of Scotch Spirits in Ireland?—Two shillings and eightpence a gallon, corn; I know a purchase made at 2*s.* 9*d.* some time ago; the purchaser regretted having done so; he could have bought it for 2*s.* 8*d.* per gallon very soon after.

209. At what price could you have produced Spirits at that same time?—Mine would have been over 3*s.* at the same time.

210. Of the same quality?—Made in the same way; but I consider mine better; but it is made in the same way, both Corn Spirits.

211. If there are the same facilities in Ireland as in Scotland, why should you infer that frauds are committed there, and not in Ireland?—I have been examined on that.

212. You mean 2*s.* 8*d.* exclusive of Duty?—The Duty is 4*s.* 2*d.*; it was 25 per cent. over proof.

213. You were understood to say that there was to your knowledge a distillery in Scotland that produced about 10 per cent. more Spirits than they paid Duty for; therefore it is not from suspicion of fraud, but you know that the fraud was committed?—In that particular case it came under my knowledge in a peculiar way.

214. You knew that that fraud was committed?—Yes; the circumstance came under my own knowledge, not only as applied to a larger quantity of Spirits made than paid the Duty, but to a quantity of raw corn being used by a distiller that got the Drawback.

215. The price of Scotch whiskey is 2*s.* 8*d.* per gallon in Ireland, and you could not sell the same under 3*s.*?—I could not produce the whiskey that was sold or offered at 2*s.* 8*d.*; and I know a sale that did take place at 2*s.* 9*d.*; and I could not have produced at the same period whiskey, and pay for the corn, fuel and barm, and all the *et ceteras*, at 3*s.* per gallon; that is, 25 per cent. over proof.

216. At what strength are these Spirits generally sold for consumption?—Spirits are almost always sold to the large dealers at 25 per cent.; they always look to a reduction in price as an equivalent in case of being less than 25 per cent.

217. No Scotch Spirits are imported into Ireland at a less strength than 25 over proof?—I believe some at 11.

218. Is it not the case that almost all the Scotch Spirits are sent over 11 over proof?—No, very little.

219. What does that at 11 over proof sell for?—The quantity, as far as my knowledge goes, brought over at 11 per cent. is very small; I never had occasion to inquire the price, and it is not the practice in Ireland to have 11 per cent. over; I think upon the Returns being asked for, it will appear there is scarcely

scarcely any at all at 11 per cent., or the proportion is very small indeed; that is my impression.

220. Then, unless there is some change in the Excise law or in the administration of the Excise laws, it is understood by your Evidence you will be altogether supplanted in the distilling trade?—Yes.

221. If such should happen to you, it would be still stronger as to the others who are more distant from fuel?—It is generally admitted, that having fuel so cheap, I can produce the Spirit at a less price than they can, and mine is a cheap corn country.

222. Have you made a representation to the Excise or the Treasury, as to the insufficiency of the survey in Scotland?—I am not sure; I am not exactly sure if we did it in an official way or a formal way, but as far as my recollection bears me at present, I think it was intimated.

223. Were any directions given to adopt a more strict survey in Scotland, in consequence of that?—Not that I am aware of.

224. Do you remember when it was done?—I do not recollect; I am only giving it from memory; as far as memory goes, I know there was not any official remonstrance to the Treasury.

225. Is there an increase in the importation of Malt and Corn Spirits, of Scotch Spirits from Scotland into Ireland?—I think it is increasing.

226. And there is a great increase on the Malt Drawbacks?—I think it has increased as the amount of Malt Drawback has increased.

227. Do you think it necessary that the Excise Officer should be constantly on the premises of the distiller to prevent fraud?—I think it should be so arranged.

228. And that the absence of these Officers, by superintending a number of distilleries, instead of being confined to one, presents an opportunity for fraud?—Yes; what I say is, that if you put one, two, or three men over a distillery, and these men have often other duties to perform, and if absent on those duties, an Inspector finds a distillery in an incorrect state, he cannot fairly make the officer accountable; if, on the contrary, an officer was obliged to be always at the distillery, and any thing was found wrong, then the officer in charge could be fairly held responsible.

229. If he were constantly in the distillery, would he not become the operative distiller?—That would be the result in a great degree; I would then say with respect to that, that cannot be denied, that the check, the proper check, would be, not to subject Revenue Officers to that description of hardship, and put the Revenue to that heavy charge, but on all occasions where the worts are to be taken, that part of the process should be more strictly attended to. If the distiller does not make his worts of an extra strength, he cannot well commit fraud afterwards.

230. Unless he were to introduce molasses or sugar?—Unless he adds some substance to make the worts stronger.

231. In these parts of the country, where they distil merely from Malt, and where there are no brewers, and where there are fewer Officers, what can be the temptation to smuggling Malt?—Not so much temptation, but in those districts it does not follow that they get the Malt at all; it may be mixed before it goes to them.

232. Then it is the maltster that has the advantage?—The maltster may be in conjunction with the distiller; he may be his partner.

233. That Spirit would not be so good?—I have just stated that I differ in opinion with most distillers in that respect, and that there is not that difference generally supposed.

234. The only difference is, the Malt Spirit will sooner come sweet to market?—Yes, and better just the instant it has been made; it ripens sooner.

235. Did you say that you could not distinguish Malt Spirit from grain yourself, after being kept a year?—I would not take on me to do so; I defy it to be done; for there is no Revenue Officer that is over a distillery that I know of that could distinguish it. I have tried the test.

236. Supposing that in Scotland 5,000,000 of gallons of Malt Spirits were made, and 1,000,000 gallons of Corn Spirits were made, if there be an advantage on the Malt Drawback on the 5,000,000, will it not have the effect of reducing the price of the six altogether, of course reducing the price of the raw Corn Spirit as well as the Malt Corn?—Decidedly.

Mr. John Falk.

16 September,
1834.

Mr. John Fall.

16 September,
1851.

237. You have stated that the law, with respect to the Duty on Spirits made from here and bigg is the same in both countries now?—Yes.

238. There is an allowance by law given to Malt made from here and bigg?—I perhaps went farther than that; I am one of the persons who was likely to be benefited by it.

239. But that is the state of the law now?—It is.

240. How long is it since that law came into operation?—Last year.

241. Before that the Scotch Spirit made from here and bigg was allowed to be exported to Ireland, receiving the Drawback?—Yes.

242. Had not the Scotch a great advantage from that Drawback made from here and bigg?—Yes, it was not allowed to Ireland.

243. Since there has been an equality in that respect, has not the import of the Scotch increased?—Yes.

244. Without having that advantage?—Yes.

245. How much Spirit is a trader allowed to receive Drawback upon from a bushel of here?—Two gallons.

246. On a bushel of barley?—Two gallons.

247. On the imperial or old measure?—Imperial; I must refer to the Act of Parliament; I am not quite sure; it is on the quantity of Spirits; he produces two gallons of Spirits from each bushel; he draws back the Duty he pays; of course, if he paid the higher Duty, he would not be content to draw back the smaller; if he paid the smaller, he would not get leave to get back the larger; he only draws back what he pays; and not having made any Malt for Drawback since the Malt law was changed, I am not conversant on that exact subject.

248. What do you suppose he produces?—I have not the slightest doubt that nine gallons is frequently produced from the four bushels, that is, one-ninth; and I understood rather more has been produced.

249. With regard to the Grain Spirit, is not that the same from a bushel of Grain Spirit?—As to Grain Spirit, it becomes a mixture; an extract from that altogether depends on the quality of the mixture and the proportion of it.

250. Have you seen Returns of the Malt used in Scotland, and the Duty drawn back upon it?—I have; but I could not speak to exact numbers without having reference to papers.

251. You have stated, have you not, in answer to a question, that the Scotch distiller from here and bigg has received a great benefit over the Irish in working under a different law, and importing into Ireland?—He did formerly.

252. How long has the Scotch distiller been allowed to send Spirits into Ireland?—Since 1823; that is what I complained of, that when the law was changed they were allowed to send Spirits immediately to Ireland, without allowing us time to become masters of our business under that change of law; a law under which the Scotch distiller had long worked.

253. As you suppose the Irish distiller is on a different footing from the Scotch distiller, what measure would put them upon an equality?—I consider that doing away the Drawback altogether upon Malt, and taking particular care that both countries were excised in the same way, would put them as competitors in a fair position.

254. Supposing the checks instituted by law to be equal, what law would you propose?—With respect to that, I would rather decline going into it to-day, for I am not prepared to go into it so fully as I would wish. There are distillers here ready and willing to lend themselves fairly in every way to the Excise, and would assist them in causing those checks to be made. I shall be ready to give an opinion if called on to do so.

254. Are you quite aware of all the checks that exist in Scotland?—If I am aware of the law under which I work, the two countries being under the same law, I should say I am.

255. It is the same in both countries?—The same law, but they are not equally excised; in point of fact, an advantage arises greatly from the position of the country.

256. You refer to the number of Officers superintending?—Yes, and the way in which they do their duty.

257. State the number of Officers who superintend your distillery, and the manner in which they execute their duty; the size of your distillery, and the contents of your still?—The contents of my mash still are about 10,000 imperial gallons.

gallons, and the contents of my low wines still exceed 6,000 gallons; we take them by dimensions; I cannot be exact as to the exact quantity.

258. What is the quantity of Spirits that you produce in the year?—The quantity of Spirits that I have produced these last one or two years has been very small; I could not work to the extent that I wished to do, not being able to obtain a price for my Spirits, being undersold by the Scotch. The quantity my distillery is capable of producing in a fair trade would exceed 300,000 gallons a year. I could make that or 400,000 gallons; I only made 104,000 gallons last year.

259. What number of Excise Officers superintend your distillery?—Always three; never less; sometimes four.

260. Are they resident on the premises, or in the immediate vicinity?—No; my distillery is a short distance from the town of Dungannon; they all reside in the town.

261. Is one or other of those Officers constantly on the premises?—Not at all.

262. How frequently do they inspect the distillery?—I believe they are obliged to show a visit every six hours.

263. Do they in point of fact visit once in six hours?—I believe pretty correctly.

264. Have you ever felt any inconvenience from the Revenue Officers not being there?—Yes; I have been very often obliged to put out my fires and stop my works.

265. In point of fact, had you been better attended by the Officers you would have derived more advantage?—So far as fuel goes; and if I were working my concern to a large extent, and had a quick sale, I would not only have my Spirits made cheaper, but I would pay more Revenue.

266. It would appear, then, they are not so very strict in their attendance?—The law does not oblige them; if they came to my place they would have nothing to do. It is but right with respect to the Revenue to state it fairly; other duties are imposed on those Revenue Officers; for instance, there is the charging officer in the distillery; he may also be stockkeeper and permitting officer; and not only the permitting officer for distilleries, but for a great many surrounding traders; in Dungannon he is the permitting officer often for me; he has the permitting for a large quantity of stores; I have known a whole day when they could not come to the distillery; he was writing all the permits; if he had not, the Excise would not have got the Duty, and the Spirit would not have gone out into consumption. There should be officers for distilleries to have no other duty imposed upon them at all, and they should attend to that duty particularly.

267. In the cases you mention, the distiller is the best protector of the Revenue?—Quite so; and so much so, that I have heard the Revenue Officers of great experience declare that "such a man would not make more whiskey than "he paid Duty for if I left him all the keys."

268. From the way in which the law is executed in Ireland it depends entirely on the honour of the distiller himself not to commit frauds?—Not at all; but I say that the distiller assists. In many instances under my knowledge the distiller assists; but I cannot tell what occurs in other distilleries. I would say, on the contrary, that if many distilleries were left to themselves, they would take the advantage of making as much whiskey as they could.

269. From the mode in which these Officers execute the duty of visitation, is it possible for a distiller to commit frauds if he were so inclined?—He could commit frauds.

270. Do any superior Officers of Excise visit your distillery?—Often.

271. How often?—Why, sometimes they visited so seldom we complained of it; they have visited more frequently since that.

272. Of course it is the object of every fair and honest trader to have most frequent visitations of the Excise?—Several of us complained to Mr. Dawson when in office.

273. At what strength do you pitch the state of the wash or fermentation?—Sometimes at one strength, and sometimes at another, but principally at 50 lbs. or at 55 lbs.; and the reason I do not go so high as 60 lbs. is, I am in a local district where there are not many brewers of consequence, and I could not procure

Mr. John Falla.

16 September,
1831.

Mr. John Toth.

16 September,
1891.

harm of that quality which would produce as perfect fermentation from 60 lbs. worts as from weaker worts.

274. At what do you estimate the weight of your wash going to the still?—Almost all my backs went to the still with the heat only on them.

275. Reduced to water?—To perfect fermentation, or nearly so.

276. What is your average produce of Spirit from the 100 gallons of this wash set at 55?—There was sometimes more than is charged, sometimes not so much; it is a thing that is not well accounted for that some backs, though well attenuated, do not produce so well as others; the wash might be held over too long, and there might be acidity.

277. Have all the Excise Officers who superintend your distillery other duty to perform?—Every one; some have to go eight or nine or ten miles round the country to grocers and other persons.

278. Are you aware of other distilleries more or less strictly superintended than yours?—I believe mine is strictly attended.

279. You do not think yours may be taken as a specimen?—As a fair average.

280. What is the proportion of the price of those manufactured in Ireland and those manufactured in England?—I do not know; I am not conversant with what the price is in England; I can only tell what the Spirits are sold for in either England, Ireland or Scotland.

281. There is no importation of English Spirits into Ireland?—Neither into Ireland nor Scotland that I am aware of.

282. Are you aware, under a system of Drawbacks, if these are any means which the Excise would have of preventing frauds being committed?—I am not aware; I could not possibly point out any.

283. The Drawback system removed, you would have no fear?—With proper checks and the distiller properly excised; in fact, excised in the way the distillers would point out themselves, I would have no fear.

284. If it could appear that the distillers in Scotland are as strictly superintended as yours, what reason can you give for supposing there is an evasion of the law?—The fact I know, that Spirits are made in Ireland that do not pay duty.

285. In licensed distilleries?—Yes, in licensed distilleries; what we do in Ireland they could of course manage to do in Scotland, as they are so clever.

Mr. Andrew John Moley, called in; and Examined.

Mr.
Andrew J. Moley.

286. WHAT is your profession?—I am an attorney.

287. Have you been much employed in your profession in the particular branch that relates to the Revenue Laws?—I have for ten years.

288. Both under the present system and the late?—I have.

289. Are you acquainted with the laws which regulate, and are intended to secure, the payment of Duties in Ireland?—I conceive I am. I have been concerned in the defence of about five or six hundred informations brought against traders who have been accused of violating the regulations prescribed by the Revenue Laws, and I have therefore been obliged to make myself intimately acquainted with all these regulations.

290. Are you acquainted with the regulations under which Malt intended for the Drawback is made in Ireland?—I am very familiar with them.

291. What information can you give the Committee upon that subject?—The impression upon my mind is, and it is the result of experience, that the regulations which are intended to prevent fraud upon the Drawback are very loose, and quite insufficient for the purpose.

292. State, as succinctly as you can, and numerically, what are the defects you conceive to exist?—The defects are so many that it is very easy to commit fraud, and almost impossible to detect it. I suppose the Committee are aware of the way in which Malt is made; if not, I would state it; the Malt made for the Drawback is made under the same regulations as Malt that is not made for the Drawback; but when it arrives at a state of maturity as Malt, and before it is thrown off the kiln into the lock-up store, it is measured under the supervision of an officer, and placed in the lock-up store. It is there kept until the maltster is desirous to remove it to the distillery. Notice is then given to the officer

officer to attend and see it delivered out. He attends and sees it delivered out, and there ends his supervision of it. It is then transmitted under the care of a carrier (I am speaking of Malt made by a maltster, not a distiller) to the store of a distiller. In the intermediate time, that is, from the time it leaves the Malt store till it reaches the distillery, there is no check to prevent fraud, if part of the Malt be abstracted and raw grain be mixed with the remainder; and it is almost impossible to detect the imposition, particularly if kiln-dried barley be used. Though I do not believe the fraud was actually committed, yet in a case I knew of, it was imputed to a maltster in Ireland that he had a quantity of kiln-dried barley mixed with the Malt, having previously abstracted a quantity of the Malt. The officer who was seeking the condemnation of the Malt on this groundswore, that there was among the Malt a considerable quantity of kiln-dried barley that never had undergone the process. In order to defend the maltster, I instituted an inquiry whether that was a fair test, and having learned that the maltster bought a large quantity of barley during the season, which did not germinate in the process, and that another quantity of the same barley had been purchased by another maltster in Dublin, I brought him forward on the trial of the cause, and he proved that nine-tenths, as well as I recollect, of this particular grain did not germinate, and thus established that the test the officer appealed to was fallacious. The result was a judgment for the maltster. I had another instance somewhat similar; a Revenue Officer went into a distillery and saw a heap of ground grain on the floor near the mash keive; he said he thought it was raw grain; he took some of it up in his hand, and applied his tongue to it; and from its being somewhat bitter, he thought it was raw grain; at first he expressed an intention to seize it, but found the law did not warrant him to do so, as it only imposed a penalty of 200*l.* on the distillers if the fact was as the officer suspected. He appealed to the Surveyor General and Examiners, and they repaired with him to the distillery and took a sample, and an information was brought against the distiller to inflict a penalty on him. To show that the officer had appealed to a fallacious test, I procured a number of samples of grain; I got some Malt and some raw grain, and had them ground and mixed; I got some heated barley, and had it ground, and kept it in a distinct parcel; I produced about sixteen samples of different kinds of ground grain on the trial; I presented to the officer when under examination a sample of the heated barley; he was asked what it was, he put his tongue to it, and endeavoured by that means to ascertain, and immediately said it was raw grain. I was standing in a particular part of the Court, and put the sample into another paper; after he had tasted two or three other samples, I produced them to him; I handed the heated barley a second time, and he immediately said it was Malt. From that I infer, and every person with whom I have spoken on the subject says, it is almost impossible to distinguish the difference between ground Malt and ground raw barley and Malt when mixed. When I make use of the word Malt, I do not make use of it exactly as signifying grain which has germinated and been kiln-dried, but that commodity which comes into the market under the name of Malt, though all of it may not have been actually malted, owing to some imperfection in the grain, or, in other words, though it has gone through the different stages of operation, yet it has not been converted into what should strictly be called Malt. I have paid a great deal of attention to the regulations which the law prescribes for securing the Duties of Excise on various commodities; and of all those regulations those which are prescribed for the purpose of preventing fraud upon the Malt Drawback are the most lax and inefficient. Indeed I do not think it will be possible for a long time (if I am to judge by my experience and what I have observed) to reduce it to a system sufficiently perfect to answer the purpose. For instance, on the article of paper, the Duty was imposed in the reign of Queen Anne, and the Excise have been altering the law from time to time, making additional provisions for the security of the Duty, repealing one set of regulations, enacting another; and to this moment they have not been able to discover an efficacious mode of preventing fraud.

293. After it has arrived at the distillery, do you know if there are any facilities in committing fraud?—Yes, the law which regulates the distiller who works for the Malt Drawback contains a provision which prevents him having in his distillery ground raw grain, but it stops there; it does not prohibit him from having in his distillery unground raw grain; and a distiller may have at one corner of his loft a quantity of unground raw grain, he working for Draw-

Mr.
Andrew J. Haley.
18 September,
1831.

Mr.
Andrew J. Haley.
 16 September,
 1895.

back, and he may have a quantity of Malt in another part of the loft, close to the hopper; and when the officer has gauged a quantity of Malt there, and taken his departure, the distiller being thus secure of the Drawback, he introduces into the hopper an equal quantity of raw grain and Malt, and he works them up together; and then it would be almost impossible to tell (when it is ground) whether it is pure Malt or a mixed grist.

293. Do you know any other facilities of committing frauds?—Not that I immediately recollect. I think a great deal depends on the dexterity of the persons who are concerned in the commission of the fraud. I have been spoken to by a great many maltsters upon different points, about how they could secure themselves against detection.

295. One of the great facilities arises from the fact of raw grain and malting grain being allowed to be on the same premises?—That is one way to afford a facility.

296. Would preventing the raw grain from being on the premises contribute very much to prevent fraud?—Not much. Suppose a distiller in Ireland or Scotland buys a quantity of Malt from a maltster in Norfolk, who entered his premises "to make Malt for distillers;" he sends 100 parcels of Malt, such as he made, and he or the distiller may make arrangements on the way to have the Malt mixed with kiln-dried barley, and he may sell the abstracted Malt to any brewer, and then he gets a higher price for that than he can buy kiln-dried barley for; and he nevertheless can get from the Revenue the Drawback on the Malt he has sold to the brewer.

297. You have stated in one of those trials in which you acted as attorney, you had given to an Excise-man sixteen different samples of Malt to taste one after the other to see if they were Malt?—Not of Malt, but of ground grain; some of it was bad Malt, and some of it was good.

298. You submitted these tests to him pretty rapidly, and after tasting a good number, he declared one was one thing and the other was another?—That might have been the result. I am not certain that I exhibited so many as four; I prepared fourteen or sixteen; when I caught him with the sample of heated barley, it answered my purpose.

299. Did you ever see the same experiment tried on a man, to tell which was whiskey and which was water?—No; the officer was allowed to take his time; I prepared a good many for him.

300. There was no rapidity?—It was most deliberately done; he knew very well what we were at; he did it very deliberately; it is a fact no Revenue Officer would deny, it is extremely difficult to discover.

301. Is it not the practice of an Excise Officer in a distillery constantly in the course of the day to be obliged to taste grain to distinguish whether it is raw grain or Malt?—I am not aware it is his duty; there is no legal provision to that effect; he has so much to do if he discharged his duty, I do not think he can indulge in any works of supererogation.

302. Are you sure it is his duty to distinguish the grain?—It is not; I know of no legal provision that obliges him to do it.

303. But he has a very strong interest to protect from fraud?—Yes.

304. If he wished to discover fraud, he would have recourse to that test?—Yes.

305. You stated in a former part of your Evidence, that nine-tenths of the grain that is malted does not germinate; of what grain do you speak?—I did not say that; I said, in particular instances, that there was a seizure made in consequence of it appearing that in a large quantity of Malt there was a considerable quantity of grain that did not appear to be germinated, and I was employed to defend the party accused of the commission of the fraud. I discovered that he had purchased a parcel of Swedish barley, foreign barley; it went through the process; the result was, that it exposed it to suspicion, I applied to the merchant by whom it was sold, to learn from him the names of some other maltster, to see if it had missed with him in the same way; I discovered that it did miss with him in the same way. I think that was an extreme case, where but a small part of the barley germinated. I have been several times consulted by maltsters on this very subject; but there is a reluctance on the part of distillers in Ireland to embark in the speculation; and unless a maltster can get a distiller to co-operate with him, the fraud cannot be perpetrated.

petrated. The Irish distillers, or the greater number of them, are men of property; they wish to retain the property they have acquired. I know there is a strong feeling amongst them to do all they can to prevent fraud.

306. You also stated, that when a licensed maltster sold Malt to a distiller, he gave notice to an Exciseman, who excised the delivery of that, and measured it out, and after that it was looked over no more?—Not by that particular Officer.

307. Then it does undergo supervision after that?—By an Officer who receives it into the distillery, and looks it up.

308. Is it not your opinion, that if an Officer who delivered that Malt was bound to attend it, and see it delivered over to the other, it would be impossible, during that transmission, to mix the grain?—That is, if you send it in the custody of the Officer from the Malt store to the distillery store. Of course, if he watched it constantly, it would be extremely difficult; but I think the fraud could be effected on the kiln, before the Officer is brought into action. I was concerned for two years, when I began my profession, in defending persons who were prosecuted for misdemeanors, or for violations of the law as illicit distillers. Since the Duty was reduced, my business in that respect has totally gone. I have had opportunities afterwards of conversing with those who were my former clients, and they almost invariably told me the trade was not worth carrying on; since the Duty was reduced, the bounty on smuggling had ceased, and they gave up their trade.

309. You are not aware of the causes of the evasion of Duty by the entered distillers?—In Ireland they are extremely limited indeed. If I were put on my oath, I could say, that though I have defended many distillers under the new law, they have not been cases of fraud, but cases of what is called bad work; and penalties have resulted from that, but not from fraud. If I were on my oath, I could declare the very same thing.

Mr. Ross T. Smith, called in; and Examined.

310. YOU are a distiller at Derry?—Yes.

311. In the neighbourhood of Eumishowen, where illicit distillation has gone on?—Yes.

312. Have you worked under the law to obtain Drawbacks used for the manufacture of Spirits?—Yes.

313. Do you continue to do that?—No, I do not.

314. For what period of time did you work?—About a month.

315. From your experience of that work, are you enabled to state that there is complete security against the practice of fraud?—There is not complete security, nor do I think there is almost any security. I think there is every facility under the present system of committing frauds.

316. Have you read the Report of the Commissioners of Excise to the Treasury on the checks which exist against fraud?—Not lately.

317. Cast your eye over that, and give your opinion whether these checks do exist or do not?—From my experience as a Malt distiller, I must say that the checks are decidedly inadequate to the prevention of fraud.

318. In the case of illicit distillation growing up again in Ireland, either in consequence of a cessation of this Drawback, or any other circumstance, would you, from the position of your distillery, be more inconvenienced than otherwise?—I think in the north of Ireland private distillation has at various times prevailed to a greater extent than in any other part of the country; therefore, we are more in the way of being interfered with by it if it should increase.

319. Is it your opinion that a withdrawal of the Drawback on Malt would have the effect of increasing illicit distillation in Ireland?—I do not think the Drawback on Malt has any effect one way or the other on our quarter, for these reasons: for several years after the Malt Drawback was granted, there was a very limited consumption of Malt Spirit in the north of Ireland, and private distillation was much diminished, if not put down. I attribute it altogether to the reduction of Duty.

320. Have you been very much annoyed by importations of Scotch Spirit in your part of the world?—Very much; our prices are regulated pretty much by the prices in the Glasgow market.

295.

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321. Have

Mr.
Andrew J. Moir.

16 September,
1831.

Mr.
Ross T. Smith.

Mr.
Ross T. Smith.
 26 September,
 1831.

321. Have you found for the last two years that Scotch Spirits brought into your market have been sold at less than you could produce them for?—Yes, generally and frequently.

322. Are you practically acquainted with the business of the distillery?—I am practically; I am not an operative distiller; I superintend the different operations.

323. Are your distilleries in Londonderry?—One in Londonderry, another about a mile from it.

324. Are your distilleries in Londonderry conducted with as much economy, as much science, as the distilleries in Scotland or Ireland?—I consider they are conducted with quite as much economy and quite as much skill as the average of distilleries in Scotland and Ireland; there may be instances, from local circumstances, where there is more economy, and there may be instances where there is more skill, but I am sure we have fully an average of both.

325. What may be the expense per gallon of coals?—The price of coals varies considerably with us; it is in a great measure regulated by the export of grain; when we have a large exportation, we have freights low and coals cheap.

326. At the end of the year what is the average expense?—Previous to the reduction of Duty, I would say $2\frac{1}{2}d.$; now I do not think it will exceed $2d.$ per gallon.

327. What is the price of coals in Derry?—The average last year was rather more than $14s.$ a ton; that was a high average, in consequence of having a small export of grain; this year we have been getting coals at $11s.$ and $11s. 6d.$

328. Is that the average price?—No; I should say $12s.$ per ton would be the average price; in summer we get them a little cheaper.

329. It is your opinion, that if the Scotch distiller was not assisted by some other cause than his skill and economy, he could not carry on that competition in trade you have referred to?—Certainly not; where we have equal skill, Spirits can be produced cheaper in Ireland than in Scotland.

330. You stated that for one month you entered your distillery for working for Malt only?—About a month.

331. You subsequently gave that up?—Yes.

332. What were your reasons?—I found it unprofitable.

333. Did you find the Spirits you produced from the Malt more valued by your customers on account of superior quality?—They were considered much superior to the great bulk of Scotch Spirits that came from Scotland under the denomination of Malt Spirits.

334. Do you claim a Drawback on the Malt so used?—Yes, I did.

335. Do you not find claiming that Drawback is of such advantage as induces you to continue producing Spirits of that quality?—No, because I could not get a remunerating price. The people with whom I have been in the habit of dealing, of selling my raw grain Spirits to, would have given me the preference; but they found they could import Spirits of equal quality at a much cheaper rate than for what I could sell them with profit.

336. You could not produce the same quantity of Spirits from the quarter of the Malt as from the quarter of mixed grain?—Our grain in the north of Ireland is very light; our Malt does not weigh more than thirty-three pounds to the bushel. I have seen English Malt that weighed forty-two pounds; it is here Malt that we have.

337. Therefore your objections to using Malt is on account of the inferior quality of the grain you malted?—No, not at all; it was on account of the trade not being a profitable one; we have a Duty on the Malt as here Malt, which is a lower Duty than barley Malt.

338. How many gallons do you produce on which you could claim a Drawback on your quarter of here Malt?—We had to pay a surcharge of Duty; we produced a greater quantity than the law permits, and we had to pay a surcharge for an extra quantity of Malt more than we had used.

339. Was Scotch Malt whiskey selling in your district at the same time you entered your still for Malt and found it unprofitable?—Yes, to a considerable extent.

340. Can you tell the difference between Malt Spirits from Malt and raw grain Spirits?—I dare say I can; the Committee know the greater proportion

of Malt in raw grain Spirits, the finer Spirit; Malt Spirit is a superior Spirit, certainly; no doubt of that; but if the distiller uses half of Malt and half of raw grain, it is difficult to distinguish the difference.

341. When new, does it retain its superiority?—The general opinion in our country is, that raw grain Spirits improve more by age than Malt Spirits.

342. Is there not a considerable portion of grain exported from Derry to Glasgow?—Yes.

343. Of that which is called bere and bigg?—Yes, and oats, and some inferior wheat.

344. Does it come within your knowledge to state if that grain is consumed by distillers in Glasgow?—The bere and bigg are consumed exclusively by distillers; a portion of the oats is consumed by distillers, and a portion by the millers.

345. Is the bere and bigg grain in that part of the country similar to the bere and bigg of Scotland?—I believe it is.

346. Is it inferior or superior?—I think it is fully equal to the best Scotch.

347. As far as the manufacture of Spirits is concerned with respect to the prices of the grain, in your opinion are the Irish upon an equal footing with the Scotch?—Quite, decidedly so; I consider where there is equal skill, a distiller in Ireland can produce his Spirits cheaper than a distiller in Scotland; in fact, the only advantage the Scotch distiller has is in the price of fuel; the advantage, on the other hand, the Irish distiller possesses, is from the price of his grain, which is three times as great, on an average, as that of the fuel.

348. With respect to surveying by the Excise Officers, some gentlemen have stated, they think that one of the reasons why the Scotch are enabled to undersell the Irish is, from a laxity of surveying, and that a greater quantity may be smuggled?—Comparing the surveying in Ireland with that of Scotland, I think they are pretty much on a par.

349. What is the nature of the survey by the Excise Officers in Derry; is your distillery under a constant survey?—Certainly.

350. How many Excise Officers are there in Derry?—I cannot answer that question; I should think nearly ten, I believe there are ten.

351. How many are there in constant attendance on you?—Never less than two, but generally three, in addition to the Supervisor.

352. How frequently do they visit your premises?—Every six hours; at night, it depends entirely on the operation; they are seldom more than six hours without surveying, generally every four hours.

353. Are you acquainted with the practice of distillation in Scotland at all?—Not practically.

354. Have you been lately in that country?—Yes, I was there a fortnight ago.

355. Have you had conversations with distillers there as to any frauds committed in respect of the Malt Drawback?—I have had conversations.

356. Can you state the result of them to the Committee?—I have no objection to stating the opinion of a distiller, but he may have considered it a confidential communication.

357. Do not name him then?—The distiller with whom I communicated said he was a Malt distiller, and told me he was clearly of opinion that frauds had been committed, and were committing, to a very considerable extent; that he had not that impression a few months or weeks ago.

358. Was that in consequence of any detection in his neighbourhood?—I think it was chiefly.

359. Did he go into the detail of that detection?—Yes; he mentioned as one instance a detection that had taken place of raw grain that was discovered in the hopper of a Malt distiller.

360. In your opinion what presents a facility of fraud?—The difficulty of detecting a mixture of raw grain with Malt.

361. You said, if the skill were equal, the Spirit could be produced cheaper in Ireland than in Scotland; are you able to say whether you do consider the skill of the distiller equal?—I consider that the skill of a distiller in Ireland is quite equal to that of Scotland. In the north of Ireland we have such frequent communications with Scotland, and there are so many operative people who are Scotch,

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Scotch, and there are so many Scotch distillers settled in Ireland, that there cannot be a mighty difference between the skill of the two countries.

362. What Excisemen are over you generally; Irish, Scotch or English?—Why, they change frequently; I believe they are chiefly English at present.

363. Do not you think if there was any great superiority on the part of the Scotch distillers, the Irish would send over for the Scotch workmen?—Many of the operative distillers in Ireland at present are Scotch, but we do not find they are superior to Irish operative distillers.

364. Were you in partnership with Stewart?—I had an interest in the concern.

365. Mr. Stewart is a Scotchman?—I do not believe he learned his trade in Scotland.

366. Still if he thought his own countrymen would produce a better article by their superior skill, or increased means of economy, he would adopt his national habits, or send for his countrymen?—There may be instances in Scotland of superior skill over other instances in Ireland, but as to the average of skill, it is as great in Ireland as in Scotland.

367. Had you a conversation with a distiller of mixed grains in Scotland, on the subject of the market price of Spirits in Scotland?—Yes, I had; but not when I was last in Scotland.

368. You have had a communication with them lately?—Yes.

369. Did they complain of the low price at which they were selling Spirits?—Yes, they said it was a poor trade.

370. Did they consider the price at which they were selling Spirits in Ireland a remunerating price?—I do not believe they did.

371. Did they state the reason why they were selling it at so low a price?—No; I cannot say that they did particularly. The Scotch raw grain distillers with whom I have communicated are adverse to the Malt Drawback; and they take the same view of the subject as we do.

372. They consider that the frauds which are committed in obtaining this Drawback on Malt have reduced the price of Spirits in Scotland below a remunerating price?—I do not know that they consider that that has been the sole cause; they confess that it has been one cause. In fact, they consider that it has induced many people to go into trade for the facility of obtaining that Drawback and advantage arising from it, when the Malt, or a portion of it, is consumed in the production of raw grain or mixed Spirits. These people have been induced to go into the trade (and without that they would not have gone into the trade), and thereby increased the competition to its present extent.

373. By "inducement" what do you mean; that it requires less capital to work?—No, the prospect of gain.

374. The prospect of gain would be the same before as well as since, without fraud was committed?—No, certainly not; if you can gain, by being in connection with a Malt distiller, as much Malt, Duty-free as will work your raw grain distillery, you have a great inducement, which you could not have without fraud.

375. That is with fraud then?—Yes, with fraud.

376. As to Scotch distillers selling in Ireland, why do they not practise the same fraud, and settle in the north of Ireland?—From local circumstances they have not the same facility: the fraud may be practised in Ireland, no doubt of it, but if it be, it is practised with increased risk.

377. Do you refer to frauds with regard to Malt Drawbacks, or of other descriptions?—Merely of the Drawback; in frauds of other descriptions I do not see any difference in the two countries.

378. Are there many of the Scotch distillers entered in the north of Ireland; are they entered as distillers of Malt?—No; in fact, no one is regularly in the trade, with the exception of one small one.

379. Are you aware of a large distiller in Dublin who declared to work for Malt, who had his stock seized on the plea that it was not Malt?—I heard of it.

380. What are those local causes that make the difference you allude to?—In Ireland the consumption of Malt Spirit is not equal to what it is in Scotland; you must have a certain extent of consumption to give you a facility of disposing of your Malt; then the maltster in Scotland is often a separate party from the distillery and being a kind of factor or a middle-man, in the transmission of the Malt from his premises to the distillers, he may substitute a portion of raw barley,

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barley, and he can, without any risk, send that Malt which has not cover, or permit or certificate, to the brewer or to the raw grain distiller; that cannot be performed in Ireland without a greater degree of risk.

381. You seem to say, that the distillers in Scotland do not manufacture their own Malt?—If we except the Highlands, I believe the majority of the Lowland distillers purchase their Malt.

382. Though they do not malt?—Some of them do make their own Malt; I know one considerable Malt distiller who malts all his grain; but I say that when a distiller does not malt his grain, it gives him an increased facility to commit the fraud.

383. That makes the principal difference, you conceive?—Yes; and the next is, when Malt Spirit is not consumed extensively, if a person wishes to go into the trade for the purpose of benefiting by this abuse of Drawback, he naturally will look to an extensive trade, and if he runs the risk of doing it, it will be on a large scale; I do not consider the risk on the large scale is greater than on the small: of course the benefit is widely different.

384. What is the present price of whiskey in Derry?—Of Malt or raw grain?

385. Both?—The Malt Spirit consumed in Derry is chiefly purchased in Glasgow or the neighbourhood; it varies from 3s. 3d. a gallon to 5s. 6d.

386. What does the raw grain Spirit sell for?—I believe as low as 2s. 8d. a gallon in Glasgow.

387. That is 25% over proof?—Yes.

388. Then if the people in Derry give 3s. 3d. and 5s. 6d. for Malt, they must perceive a difference between raw grain and Malt Spirit?—No; I do not understand it in this way.

389. Why would they give 5s. 6d. instead of 2s. 8d., unless they perceived some difference?—Those who consume fine Malt Spirit care little about 1s. per gallon. The great consumption in Ireland is by the dram-drinkers; with them cheapness and strength are the objects they look to.

390. Malt whiskey is drunk by the better class of society for punch after dinner?—Yes, and if they can get it good, they do not mind a little difference in the price.

391. Then they find a difference in Malt and Grain Spirits?—Certainly they do; but from my experience, and what I have seen of Scotch raw grain Spirits, they are very inferior to the Irish.

392. Do you know the quantity of Scotch Spirits that has been imported into Derry?—The distillers in Derry regulated the quantity by the price; if they ask more than a certain price above the price in Glasgow, the dealers then import from Glasgow, and by lowering the price they have the power of regulating the import; there is a degree of risk attends the bringing of Spirits from Glasgow to Derry, which they need not run if they can buy on the same terms at home.

393. Have they a considerable import of Malt Spirits?—It has increased latterly; it is considerable.

394. How comes it there is no market? you have stated the Scotch distiller settles in the north of Ireland, but would not distil Scotch Spirits because he would have no market?—No, because he could make no money by it.

395. Would it not be a profitable trade to make Malt Spirits, and get a Drawback, if he got 5s. 6d. for them?—The consumption of Spirits of that description is very limited.

396. How comes it that there is a considerable import of a similar quality?—The import is of that description of Spirit which has received the Drawback, which, in my opinion, is really not Malt Spirit; it is of a better description of Spirit, made from mixed grain, with a larger portion of Malt than, under the present regulation, the raw grain distiller thinks it expedient to use. When I was making Malt Spirit, I could have taken away a large quantity of the Malt, and substituted raw grain, and obtained the Drawback for the whole, and with very little difficulty indeed.

397. What is the penalty on detection?—The penalties are high enough, if they could be recovered.

398. Is it your opinion, that if the law continues in its present state, the Irish distillers will eventually be driven out of their own market?—They certainly will;

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will; it has been an unprofitable trade of late, and people who have capital will abandon it rather than have that capital further diminished.

399. Have the Irish distillers generally larger works than those in Scotland?—Generally they have; there are a greater number of small works in Scotland.

400. Any trade that would require the completion of fraud, and subject them to risks and penalties, will involve the destruction of more capital in Ireland than in Scotland?—Clearly.

401. Does not the present mode of allowing a Drawback on the Spirits actually give a capital to small works in Scotland?—The manner in which the distilling trade is carried on in Scotland is on such an extended system of credit, that if you have the distillery plant you require almost no capital; the grain is sold at a long credit, and a man, if he has a fair character, may go on to almost any extent.

402. Is not the practice with respect to payment to the Excise, that the Excise give three months' credit to the distiller, and the distiller if he claims Drawback can claim it instantly?—But he must pay the Duty.

403. Then it does not supply him with capital?—No.

404. The Duty is the only thing he can get three months' credit for?—That is in a brewery, or in a raw grain distillery; but if he uses it in making Malt whiskey, and with an intention of claiming a Drawback, he must have paid the Duty.

405. You are only speaking of a man who is a distiller and maltster; but suppose he buys the Malt of a maltster, he does not pay Duty for three months, and then he gets credit?—I think it comes to the same thing; the person from whom he has bought it must have paid the Malt Duty.

406. But if the maltster sells him Malt at three months' credit, this result would follow, that he is entitled to the Drawback the moment the Spirit is made, to the Malt Drawback?—Certainly.

407. You have stated that on account of the distilleries in Ireland being of a very large size, the danger of loss of capital and committing frauds is greater with them than with a number of small distilleries in Scotland?—No.

408. Is it the small distilleries you accuse of committing such frauds, or is it the distilleries generally?—Certainly not; the small distillers, I really believe, from what I have heard (I can only speak from hearsay); the Highland distillers do not commit fraud.

409. Is the capital endangered by the committal of fraud in Scotland as great as that in Ireland?—I do not think it is; in Ireland a distiller requires a great deal more capital to carry on trade to the same extent than he would require in Scotland; for this reason, in Ireland the distiller not only purchases the raw material for cash (both coals and grain), but he must also lay it in at an early period of the year.

410. Is that the reason why the Scotch distillers are able to undersell the Irish in their market, that the Scotch procure credit, whereas the Irish, being obliged to work with a capital, are unable to undersell them in the market, and that is the cause, and not fraud?—Certainly not; and for this reason, that if the Scotch get credit, they must pay for it; of course, a man requiring credit is known to be a man not possessed of much capital, and he must pay pretty high for it.

411. What are the advantages which the Scotch have over the Irish in committing this fraud?—There is a third party who manufactures the Malt, and that third party has the facility of transmitting a portion of the Malt to the Malt distiller mixed with raw grain, or unmixed with raw grain, and may send the part which might be abstracted to other raw grain distillers or to a brewer.

412. Then there must be an understanding between the maltster and the distiller?—If the fraud be committed in that stage, there must; but it is not necessary to commit it then; it is merely an additional facility to commit the fraud; I merely mention it as a facility.

413. In consequence of the Scotch not malting their own grain, you consider the facility is greater?—Yes, that is a facility.

414. Is that the only facility?—No; I think that another facility arises from the number of distillers and brewers (distilleries both of Malt and raw Grain) that are in two or three districts contiguous to each other; in Ireland they are

are more generally scattered, and the greater number that are together, the greater facility there is in disposing of the Malt so abstracted.

415. You attribute these frauds to the Lowland distillers, not to the Highland distillers?—Yes (of course it is from hearsay); for the Highlands, I do not think they commit frauds; I think the price they obtain for their Spirit is a pretty fair criterion.

416. The two reasons which you assign why the Scotch distiller has an advantage over the Irish distiller in committing these frauds are, first, that in general in Scotland they are not maltsters; and, secondly, they have the advantage of the breweries and distilleries near them, by which they can dispose of Malt which they have surreptitiously changed with the raw grain?—Those are two of the facilities that we do not possess in Ireland.

417. Do you think these are the only facilities?—I cannot say they are the only facilities.

418. Is that an opinion, or can you substantiate it by any facts you are aware of?—If I wished to commit the fraud myself, there are many ways of doing it; though I would consider this a very great facility.

419. Is that a matter merely of opinion, or are you able to substantiate it by any facts that have come within your knowledge?—I know that the Scotch Malt and raw grain distillers do purchase Malt to a very considerable extent from a third party. In Ireland the distiller makes all his own Malt, with a very few exceptions.

420. But you only know that the Scotch distillers do not manufacture Malt enough for their own consumption in their own distilleries, but that they are obliged to purchase an extra quantity of Malt from other parties?—I believe many of them do not manufacture their own Malt.

421. What proof is that of fraud?—I do not consider it is proof of fraud; far from it; but I consider it an additional facility to commit the fraud.

422. Then are you able of your own knowledge to speak to any fraud having been committed of the kind you allude to?—I have never been in that situation in Scotland to enable me to detect a fraud.

423. Could you state any case coming within your own knowledge of their having sold this Malt to the brewers which they have exchanged?—A Malt distiller did tell me, that he has frequently been offered Malt certificates from brewers at 1s. or 2s. 6d. a quarter, as a cover by which he might obtain the Drawback.

424. Do you speak merely from probability that such things may happen, or do you say that such things have happened?—If I were a Malt distiller wishing to commit the fraud, I could do it with greater ease and with less risk in consequence of the third party.

425. You speak merely from presumption and probability, not from any facts that have come within your own knowledge?—Not from any facts, but from having heard the opinion of eminent Malt distillers in Scotland.

Mr. John Falls, again called in; and further Examined.

426. AS to the probability of fraud, you have stated such a thing is possible both in Ireland and Scotland; but why should the Scotch be more likely to commit the fraud than the Irish?—Because at the time we got rid of a system of smuggling, a great many of us entered into an arrangement, and declared that we would not be drove, under any circumstances, to enter into any system of fraud again. Several of us declared we would quit the trade altogether rather than do it; one of the most respectable men in Ireland, Mr. Brown, said he would throw up the trade altogether rather than be drove into it. We deposited a sum of money in the hands of Mr. Brown, who was the treasurer, binding ourselves not to commit any fraud; but if any act was brought against us, intended as a fraud, and not as a casualty, that the amount should be forfeited.

427. Was there any written document accompanying this?—Yes.

428. Is it accessible?—It is; and we have no objection, that I am aware of, to put it in, under the understanding that it will be considered as done in an honourable point of view.

429. What is the number of distillers signing it?—Almost all the large distillers in the north of Ireland.

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430. The document will show the number?—Yes.

431. What proportion do the number of distillers who signed this document bear to the whole number of distillers in Ireland?—As to the number of distillers, that would not be any information to the Committee; the quantity of Spirits made by them would be required. I can tell the Committee what proportion there is when I look at the Returns: I should say the quantity of Spirits would have been decidedly more than three-fourths of the quantity made in the north of Ireland.

432. Will you be able to show what proportion those who signed bears to those who did not, and what proportion those who have distilled bear to the quantity distilled?—Yes, I shall be able to show further, that we not only entered into an arrangement with ourselves, but we did so on the understanding that the Cork distillers had entered into one more binding than ours.

433. What is the date of this?—It is several years back.

434. How long did this continue binding?—Until very lately; and the parties that signed it still consider it binding in honour. I am not perfectly sure whether I should say that it would be actually binding in effect at present; whether all the distillers would say they would consider the money forfeited if any fraud was committed now; but we decidedly all feel that in honour we are bound.

435. What was the largest sum deposited by the distillers?—One hundred pounds, and that was to be forfeited when any fraud was committed.

436. What proportion did 100*l.* bear to the advantage that might have been made by the person from an infringement of the Revenue Laws?—It might have been a greater sum, or less, it would depend on the penalty, or to what extent the fraud had been carried.

437. If 100*l.* bore a very small proportion to any contingent advantage that might have arisen from infringing the Revenue Laws, how far was the voluntary deposit of any such sum a security against infringement?—Because the instant there was one fraud committed, another 100*l.* had to be deposited as long as we continued the arrangement.

438-9. Are you aware that larger sums were deposited in Ireland?—Yes; I believe so.

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Mr. John Herdson and Mr. John Johnston were called in; and Examined.

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440. YOU are engaged in the Excise department; in what office?—Mr. Herdson.] As Surveying General Examiners.

441. Were you, in the course of your duty, sent into Scotland on any particular subject?—On general duty, general service.

442. At what time were you there?—I was there upwards of seven years, constantly.

443. In what part?—In all parts of Scotland.

444. Were you engaged in an inquiry as to frauds connected with the Malt Drawback?—On general survey, and all inquiries, as the Board gave directions.

445. You had no particular directions as to that inquiry?—In certain cases.

446. Did you receive particular instructions to examine the distillery of Mr. Harvie very narrowly?—Yes.

447. To Mr. Johnston.]—How long were you there?—Three years.

448. In what office?—As Surveying General Examiner.

449. What are the duties of Surveying General Examiners?—Principally the inspection of the distillery, Malt and Candle Duties, and making reports thereon.

450. Do you mean watching the collection of the Revenue on those articles?—We do not collect the Duties, but inspect to see that the Duties are properly charged.

451. You were the head Officers of the Excise in Scotland?—Mr. Herdson.] Yes.

452. In the Excise Department the Officers begin at the lowest grade, and rise by merit to the superior offices?—Yes.

453. You

453. You have therefore gone through the different grades of the department, and are conversant with their respective duties?—Yes.

454. You have already stated that you have been in Scotland; did you in the course of your survey, make any observations as to the use of raw grain in distilleries which had entered to work from Malt only, and if so, have the goodness to state them to the Committee?—We always make observations on survey; it is our special business to make all those observations, and whenever we find a distillery working under the Malt regulations, we inspect more minutely, if possible, to see that there is no admixture of raw grain with the Malt.

455. That being your duty, had you in the course of your survey opportunities of seeing that there was raw grain, or reason to suspect that the grain exhibited to you in the premises of the distiller, was that of raw grain, and not Malt?—We invariably examine very minutely the Malt deposited in the deposit-rooms, and we never discovered any admixture of raw grain; we examined as particularly as we possibly could.

456. To Mr. Johnston.]—Do you concur in that answer?—Yes.

457. Do you find any difficulty in distinguishing between one and the other?—Mr. Herdson.]—Sometimes, in a bad season; then there is a little more flint, as it is called, in the operations of malting, that may have some little resemblance of raw grain; but by minute inspection it may be discovered whether it is so or not; it does not swell as in good malted barley.

458. In the course of your experience there, did you ever make any detections?—Never any.

459. In visiting the works of distillers entered for Malt only, how often did your business lead you to survey them in the day; at what time did you survey?—We never surveyed more than once or twice in the course of a journey; we go from one distillery to another round the whole country, taking them in the direction we think best.

460. How often in the course of your duty were you in the habit of visiting any particular distillery; how often did it come in your turn to do that?—I have visited several of the distilleries four or five times in the course of seven years; some not at all; there are some at Glasgow it never was my duty to attend; I have surveyed a few in that district.

461. If you visited a particular distillery in your survey on Monday, when did it come to your turn again to visit that same distillery?—It might never come to my turn again, or it might come to my turn the next year to go that round again.

462. You have never been in charge of a distillery as a Surveying Officer?—No, not during the last seven years.

463. To Mr. Johnston.]—Have you?—No.

464. To Mr. Herdson.]—You have surveyed distilleries in former times?—Yes; I have surveyed a distillery at Liverpool in former years, under the old system.

465. Your principal duty is, to go round unexpectedly to examine distilleries, and to find whether the officers are doing their duty, and whether there is any thing amiss in the distillery?—Just so.

466. Your business is as a check over the officer, as well as over the distillery?—Yes, that is our special business.

467. You never give notice, but come suddenly upon them?—Yes.

468. Were there many other officers who did the same duty to the public as you in Scotland?—Yes.

469. They are sent also to survey distilleries?—Yes.

470. If there is a suspicion of any thing wrong in a distillery, you receive a hint to give him an unexpected call?—Yes; or if we suspect them ourselves.

471. Did you ever receive a hint that foul play was suspected in any distillery in Scotland?—No, I cannot say that I have; we have special orders to survey particular distilleries.

472. Did you at that time discover any fraud committed under the Malt Act in such cases?—No.

473. Have you ever been employed in Ireland?—No.

474. Are you aware of officers being lax in inquiring after the distilleries in Scotland?—I am aware that they are not so; we have three and four on all the large distilleries.

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475. Take the distillery of Mr. Haig, of Lochred?—Mr. Haig has never less than three when he is working, and frequently four.

476. Are they exclusively confined to that one distillery, or are there more in that place?—No more in that place that they have any thing to do with.

477. Have you ever examined the distilleries in the Highlands of Scotland?—Very frequently.

478. In those distilleries what officers are appointed to examine the small Highland distilleries; is there or not a resident officer always placed on the distillery?—Yes, there is always one in the smallest, and a resident officer in the neighbourhood checks him, either daily or twice a week, independent of the supervisor, and independent of our survey.

479. In remote situations the distiller is obliged to provide a residence for the officer, is he not?—Yes.

480. What part of Scotland did you visit in order to examine the system of supervision?—All parts.

481. From the south to the north?—Yes, as far as Shetland and Long Island, wherever an officer is stationed.

482. How many Malt distilleries did you visit in the south of Scotland?—I cannot speak to the number, but I visited the whole, except a few in Glasgow.

483. When was it you made this survey?—The last survey which has been alluded to was made only about a month or six weeks ago.

484. Did you examine into the whole system of receiving Malt from the maltsters, and of locking it up in the stores of the distiller?—Yes.

485. Did you see any ground for believing that in its progress from the maltster, or from the malt-house to the store of the distiller, any Malt was abstracted, and grain substituted in its place?—No, we saw nothing of the kind.

486. You saw nothing to excite your suspicion?—No.

487. After it got into the store, before it was introduced into the mashing tun, you had no reason to believe that in that stage any was abstracted?—No; the store-rooms are perfectly secure; they are examined by the supervisor, collector and ourselves; we inspect all the fastenings, so that there is no possibility of their getting any thing out of store.

488. Had you any information given you in your survey that such a practice as that of abstracting Malt and substituting grain had taken place?—No, we had no special information; we had only an order to survey certain distilleries, we did not know for what reason we were to survey them.

489. Did you then examine the surveying officers to know whether any circumstances of suspicion had met their observation?—Yes, we asked some questions, but we heard of none.

490. Did you inquire into the circumstances under which the Malt is kept at the malt-house to see whether, in that stage, any grain could be substituted for the Malt?—We examined the Malt on the kiln, and when it was nearly dry, and we saw no admixture, nor any reason to suspect any.

491. Did you examine the Malt from the first moment of the barley being introduced into the malt-house for the purpose of steeping; did you go through the whole of the process, and see whether in any stage, in your opinion, it was likely or possible that any fraud upon the Revenue should take place?—Yes, we examine it minutely; we begin with the cisterns, and see whether there is any admixture there; then we go to the couch, then to the young floor, and so on to the kiln; we gauge them all regularly in every stage, and examine them as we go on; we likewise gauge it upon the kiln.

492. What becomes of it after the kiln?—The trader, when it is dry or nearly so, gives notice to the officer at what time he wishes to have it measured and deposited, and the officer attends upon that notice, and it is measured in his presence.

493. What becomes of it immediately from the kiln, where is it deposited when it is properly dried upon the kiln?—As soon as it is measured, it is deposited in the deposit room, in the sight of the officer.

494. Is there any mode of treating barley which would make it appear to the eye like Malt, although it was not really Malt, so that when mixed with a certain portion of Malt, the Revenue Officer might be deceived by it?—I am not aware of any such process.

495. Will you go through the various stages of the Malt in the malt-house, and tell the Committee whether, in any one stage of that process, there was any thing

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thing which excited your suspicion, and led you to believe that it was practicable to commit fraud without discovery?—I have gone through it till it is measured from the kiln; it is then locked up under the lock of the Excise Officer in a very secure room which has been examined and re-examined over and over again; the next thing is that the distiller gives notice to take it out; it is then removed by permit; but sometimes it is removed at once into the distillery deposit-room.

496. Is it not a separate building?—It frequently is not; it is part of the same premises, but with a separate entry.

497. When the malt-house and the distillery are separate, under what system of permit is it that the Malt is removed from the maltster to the distiller?—The maltster in that case gives notice to the Excise Officer of his intention to take and remove such a quantity, mentioning the number of bushels, and to what distillery it is to be removed, and by what conveyance; the officer attends according to the notice, and measures the quantity out of the deposit-room; the notice then answers as a request note; he fills up the permit accordingly, and this permit accompanies the Malt to its destination; he limits the time in the permit for it to be on its transit so many hours, or according to the distance. The person that has to receive it at the distillery gives the attending officer notice that he is going to receive so much Malt, at such a time, and the officer attends that notice accordingly, and receives it, and sees it measured into the deposit place, and that it agrees with the quantity expressed in the permit, that there is the same quantity, and to examine it as to its quality.

498. Is the weight specified as well as the measure?—No.

499. Would not the specifying the weight as well as the measure be a great check upon fraud?—I cannot say, indeed; it is not the Excise practice to weigh Malt.

500. Does Malt weigh as much as barley?—No.

501. Then if any barley had been mixed with the Malt in its transit from the maltster to the distiller, would not the extraordinary weight of a certain quantity of Malt be a pretty sure indication of fraud of that kind having been practised?—Yes it might; but it is a thing which has not been practised in the Excise; we have no authority to weigh Malt, that I am aware of.

502. It was stated yesterday, that the corn-bins might be above the locked malt-room, and that a board might be raised in the room above, enabling them to take out as much Malt as they liked and put down as much grain; are not the boards of the room above secured at the will of the inspecting officer so as to prevent any chance of such a fraud?—Yes, certainly; and to prevent a fraud of that kind, we always have the deposit-room ceiled and plastered, so that no fraud of that kind could take place.

503. Is that an obligation by the law?—The law requires it to be a secure place, to the satisfaction of the surveying officer, and he does not like to pass it until that is done.

504. Are they all lathed and plastered?—They are all lathed and plastered, or the boards are cross-harred and rivetted together, so that no one can be slid out.

505. Does the officer examine to see whether those boards are firm?—The supervisors and collector are required to do it.

506. You stated, that a certain duty is intrusted to the officers in charge of the distillery; of what description are those officers generally; are they experienced, or are they expectants?—They are generally expectants on the small distilleries, where they are under the immediate inspection of another officer.

507. You mean by an expectant, a young man who has just entered the service, and without any experience whatever in Excise matters?—He has always been properly instructed before he is intrusted to take charge of a distillery, and it is certified that he is qualified. If he has not had the experience of an Excise Officer, we sometimes couple him with an experienced officer for a short time.

508. You have never made a detection as to the Malt yourself?—No.

509. Have you made any detection on any distiller in Scotland for any evasion of Duty during that time?—We have sometimes found a little increase of gravity, and sometimes a little increase in the stock.

510. In point of fact, the Revenue has never benefited by your survey and attention in Scotland during the seven years?—We have almost completely put down the smuggling during those seven years.

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Mr. John Salvester.

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511. You have never made any detections by bringing to charge what the other officers under you had not brought to charge?—No further than seizures we have made ourselves.

512. What seizures have you made?—Seizures for increase of stock in the regular course of business; it might be a distiller or a brandy dealer.

513. Did you ever discover any concealed pipes?—No.

514. During the seven years you were there was it not the generally received opinion that there were frauds committed both in respect of Spirit and the evasion of the Malt Duty?—Yes, there has been a suspicion, but I never had very much myself, for I never could make any detections.

515. At present there is no law for keeping a stock of Malt and permitting it away; the practice is not to give permits for the removal of Malt from one place to another?—Only for distillery purposes.

516. Supposing a maltster making Malt, when once got off the kiln in the common way, there is no permit in the system now?—No.

517. How long has that permitting system been done away with?—About a year.

518. Did it come within your knowledge that previous to that time a regular practice prevailed in Scotland of selling the credit of Malt; that the maltster or the brewer had on his stock a credit for, supposing a thousand bushels of Malt, and he wished to get rid of it, to sell it to the man to whom it might be useful; was it not the case that he sold the permits, and used the Malt?—A maltster for distillery purposes is not allowed to sell Malt to any other person.

519. Was not that supposed to be a general practice in Scotland for a brewer to sell his credit for Malt?—I never knew it practised.

520. Did you ever hear of it?—Yes, I have heard rumours of such things, but I did not give credit to them.

521. Was it not perfectly practicable?—Yes, he might sell such Malt if he had it; but the law alluded to is not in force now.

522. Do you think that fraud practicable?—It was under the old law; those things were supposed; this was surplus Malt. If there is any surplus Malt now, it is measured and charged by the officer when he measures from the kiln, and there can be no surplus Malt afterwards.

523. It was a received opinion that up to that time that practice did exist?—I cannot say it did exist; I never made a detection.

524. Did you make it your business while in Scotland to examine various samples of Malt on the distillery or malting premises, to see whether grain had been mixed with the Malt?—Uniformly.

525. Did you in any case find a mixture of that kind?—No, never.

526. Did you examine the Malt in the market and other places, to discover whether there was any grain mixed with the Malt?—No; I never saw any in the market in Scotland; there are very few persons who make it for sale, except for distillery purposes, and there are few Malt factors in Scotland.

527. In no one case did you discover any mixture of grain with Malt?—No.

528. If the barley is of a bad quality and will not vegetate well, will there not be a considerable quantity of unmalted barley mixed with the Malt?—Yes; what we call flints.

529. How, in such a case, would you distinguish this unmalted grain, which, of necessity, in bad seasons is mixed with the Malt from the grain which has intentionally been mixed with the Malt?—It is in general much harder; the flints are much harder than barley itself.

530. If a certain portion of barley has been mixed with the Malt which has been on the floor, and has been passed through the kiln, will it have an appearance to make it look like Malt, and might the eye mistake the one for the other?—The eye might; but we crush and try it with our teeth, and find if there be any sweetness or otherwise.

531. If a Revenue Officer were somewhat negligent in his duty, might he not easily be led into a mistake by the appearance of the barley so treated closely resembling Malt; might he not confound the one with the other?—Certainly he might, if he did not pay that attention which he ought to do.

532. Is it within your knowledge that a fraud of that kind has been attempted in Scotland or elsewhere?—Not to my knowledge.

533. Is not the sweetness you speak of in consequence of the vegetation of the grain?—Certainly.

534. Then

534. Then if the Malt has not germinated there would not be any sweetness? —Not much.

535. Therefore the flints ought not to be sweet?—No, they are quite hard.

536. Then for that reason have you not the criterion you mention for distinguishing the difference in a bad season from the raw grain intentionally mixed with them?—The raw grain is not so hard; it is easily distinguishable by biting.

537. Would not the operation of drying the raw grain on the kiln be to give it that hardness which the flints have?—It would increase its hardness, but not make it quite so hard as flints; but they dry it only in bad seasons, not in the ordinary way.

538. Is it your opinion that an experienced officer, by proper attention, can distinguish the flints from the dried barley?—Yes, any experienced officer may.

539. What is there in the appearance of those flints which would distinguish them from barley which has been merely passed through the kiln?—In Malt, which has been properly made, there is always an appearance of the root, and also an appearance of the germination at the end that shows by inspection; but supposing these to be altogether off, then it is free and mellow in the bite, and easily known from flints.

540. There are those flints which have not germinated. Suppose barley has merely been passed through the kiln in order to make it look like Malt, what is there in the appearance of the flints which would distinguish them by the eye from the barley which has been merely passed through the kiln, and enable the officer to distinguish the one from the other?—I do not think he could distinguish them by the eye without biting them.

541. Generally speaking, is not your inspection considered by the distillers as one of the most severe ordeals they have to go through; that you carry the law as strictly as possible into effect?—It is our duty to see that the law is complied with in every respect, and that the officers do their duty.

542. Your special duty is to prevent any chance of collusion between the officer and the trader?—Yes, certainly.

543. You say there are three or four officers always employed in the large distilleries in the vicinity of Edinburgh; what is your custom as to those officers; do they remain there fixed during a course of years, or is there a regular rotation of change, or is it by the caprice or the decision of the principal officer they are changed?—They change every eight hours. An officer goes on duty at six and remains till evening, two; and then another attends to evening, ten; and another from evening, ten, to morning, six.

544. Does the same officer remain on duty during the course of the year at the same distillery?—Frequently so; from one to four years.

545. He is not moved to another?—No, frequently not.

546. Is there any rule for that in the Excise?—It is a general rule to remove officers every four years.

547. Not oftener?—No, unless there is a reason for it.

548. You have stated, that in the course of your surveys you have made detections in increased gravity?—Yes.

549. To what extent have you made such detections?—To the extent of six or ten pounds above the notice gravity.

550. When was that; how long ago?—Not during the last survey.

551. Has it been since the Malt Drawback system was begun in Scotland?—Yes, six pounds, and sometimes ten, have been discovered.

552. In what stage generally was that; was it before the yeast was added, or after the fermentation had begun?—It was before the fermentation had begun.

553. Have you frequently found that distillers entering at forty pounds gravity have set their worts at forty-six to fifty?—We generally find an increase in the cooler; they are allowed to have it three degrees above the notice gravity, but we have found it sometimes ten or twelve.

554. Did that occur often to you?—Very seldom.

555. It appeared to you, that whenever that occurred there might be some fraud going on in the distillery?—It does not in all cases; for there might be a mistake by the distiller's man, who reduces it; or a mistake in the instrument; sometimes it might be fraud.

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Mr. John Johnston.

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and
Mr. John Johnston.

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556. Do you make it your business to examine the saccharometers on going round, and see whether their adjustments are true?—Yes; and we try the gravities of all worts.

557. What examination is there of those instruments on which the whole Revenue depends?—We take standards round with us.

558. How often does the examination of the saccharometer take place?—We examine them every visit, and the supervisor has likewise standards, and he examines them every month, or more frequently generally.

559. Is the inferior officer supplied with many duplicate instruments in case of any one he is in the habit of using receiving a blow or an indent?—By a late regulation he has duplicates.

560. Supposing the kiln-dried barley and the flints were both ground, have you any criterion for distinguishing the one from the other in that state?—I cannot say that I have.

561. Can you conceive any mode of distinguishing them if they were ground?—I should think the Malt would be of a much better quality; the flints would be of the worst quality.

562. In the event of raw grain, after being dried, being mixed with good Malt and ground together, could you then distinguish that from Malt alone?—I cannot say that I could.

563. Do you not think that the saccharine matter in any such mixture would be much slower in being discovered than it would in a wash made from Malt alone?—I cannot answer that question; I am not aware of any such mixture; I have never seen such worts.

564. Does not grain in mashing take a much longer time to bring the farinaceous matter into solution than Malt would take in order to bring the saccharine matter it contains into solution?—I cannot answer that question in practice.

565. You have stated, that in your examinations in the distilleries entered to work from Malt, you did not discover any raw grain; your examination must have been as to ground grain and ground Malt?—We examine it before it is ground.

566. Is there any penalty on a Malt distiller having unground barley in his mill?—No, I believe not.

567. Did you, when at Snubury, near Edinburgh, find unground barley in the mill of a distillery declared to work from Malt?—Yes.

568. Are not distillers from Malt prohibited from having any raw grain on their premises under a penalty of the forfeiture of the allowance?—If it is ground or bruised it is liable to a penalty.

569. But not if it is unground?—No.

570. How can you reconcile your statement of your having found raw barley in the premises of a distiller with the statement that you never made any detection, and did not believe such practice to exist?—I consider it to be legal, because it was unground. I do not call that a detection.

571. Might it not be a further restriction upon the trader, if the head of the mill when the Malt is thrown on was also locked, and a penalty was imposed on any distiller who should have raw grain found in a distillery declared for Malt?—I certainly think it would.

572. Is it your opinion, as an experienced officer, that it would tend to the security of the Revenue, in the permitting Malt from a maltster to a distiller, if a rule was made that an officer, either from the distillery or from the malt-house, should be bound to accompany that Malt from the one premises to the other, that it should be under inspection during this transit?—It certainly would on its transit.

573. If also there was a further regulation made, that all Malt should be weighed in its giving out and reception, and the weights entered by the officers, would not that be a great check?—Yes, I think it would.

574. When Malt is imported from England for the use of the Malt distilleries, is it attended from the ship to the distillery by a Revenue Officer?—I am not aware of any coming from England since the locking-up system; I am not aware of any being made in England for distillers' use in Scotland.

575. You have stated to the Committee, that in the particular case of Snubury, in a distillery declared to work from Malt, you did find raw grain?—Yes.

576. Of

576. Of what description?—Barley and oats.

577. Though the distiller had declared to be working from Malt only?—He had been working from grain during the previous period, but he had given notice to work from Malt only.

578. What quantity did you find?—About six bushels of barley and three of oats.

579. What was the scale on which this distiller was working?—A very large scale.

580. How much grain, in the course of a day, passed through his mill?—Very probably two thousand bushels.

581. You found only nine bushels of raw grain?—No more.

582. How long before had he been working from grain?—He had been silent a few weeks, but the last period had been from raw grain.

583. At the particular moment when you found those nine bushels of raw grain, how many bushels of Malt did you find in that room?—We found fifteen bags of ground Malt.

584. Did he give any account of his having this raw grain in his premises?—Yes, he gave an explanation; he said the one was for the poultry, the other for the horses.

585. It was only enough to excite your suspicion?—Certainly, it was almost enough.

586. Had he begun working from Malt?—No, he had not, but a notice was depending.

587. What is the usual custom in Scotland with reference to Malt; do they use stones or rollers?—The Lowland distillers use stones in general, the Highland distillers rollers.

588. Might it not be a very great check if no stone was allowed to be used in a distillery, only steel rollers?—A very great check.

589. Are you of opinion, that a person having two distilleries, one working for the Malt Drawback, the other for raw grain, has a greater opportunity of committing frauds than a person who has only one distillery?—Certainly, if he is that way inclined, he has a better opportunity of using it at the other distillery than disposing of it in other ways.

590. Are you aware of many distilleries of that description, where the one works for the Malt Drawback and the other for raw grain?—There are a few, but I am not aware that any of them carry on the practice of mixing or taking from the one to the other distillery; but they have a better opportunity, no doubt.

591. Do you know how many of those distilleries there are in Scotland?—I do not suppose there are more than six or eight.

592. Are they on a large scale?—Yes, on a very large scale; and there are several others that change perhaps two or three times in the course of the year from raw grain to Malt only.

593. Is all Malt used in making Spirits for the Drawback under the inspection and custody of the officer from the moment it is made until it is deposited in the mash tun?—It is not perhaps under his inspection during the time it is grinding; he is on the premises, but he may be making a survey or delivering out Spirits; he cannot be always in attendance at the mill.

594. What, in your opinion, is to prevent the distiller, if he makes his Malt in his own premises, mixing barley with the Malt?—He would be easily detected by an experienced officer, and he would be liable to a penalty of £200, and he would forfeit the Malt Drawback during the remainder of his license.

595. You stated some time ago, that the officers were sometimes as much as four years surveying the same distillery?—Yes.

596. Do you think a more frequent change of officers would tend to diminish the chance of collusion between the distiller and the officer?—No, I do not think it would, for there are three or four officers on large distilleries, and it is very rare that the whole of them would stop four years, for in that time there would be frequent changes, and generally one of those four is not more than three or four months there, and then goes to another distillery, so that there is a frequent change; yet it is possible that one officer may be three or four years on the same distillery.

597. Do you think it would be for the benefit of the Revenue if they were changed more frequently?—I do not.

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598. Did you ever hear of collusion between the trader and the Revenue Officer?—I have heard of such things, but there has been none proved since I have been in Scotland, to my knowledge.

599. Did you ever know of the existence of this collusion?—No, for I have no proof of any.

600. Are there many English officers employed in Scotland?—About one-third.

601. There have been two-thirds Scotch?—Yes, chiefly; there are a few Irish.

602. How often do the check surveys take place?—Where a distillery is regularly coursed by three officers, they change every eight hours, and there is no other check upon them but the supervisor, every three or four days, in large towns, for they are a complete check on one another.

603. Do you think if that was done oftener, it would be for the benefit of the Revenue?—No, I think not; there are as many check surveys as we think necessary; if we consider any farther checks necessary, we should state it to the Board, and they would take it into consideration.

604. In reference to the particular survey at Sunbury, did you make that survey in consequence of any special information given to you that that distiller was using raw grain?—No, we had a general order to visit a number of distilleries in Scotland, and that was one.

605. Did you particularly examine the lock-up warehouses for Malt at the premises of the different distillers, to see whether they had made an abstraction of any Malt, and a substitution of grain?—Yes; we examined very minutely, and tried all the staples and fastenings to see that nothing could be drawn out, nor any thing put in.

606. You have alleged that the quantity of nsground Malt is always ascertained by measurement?—We gauge it while it is in a state of operation, and measure it when it comes off the kiln.

607. How do you ascertain the quantity of Malt when it is ground?—We have no method of ascertaining the true quantity when ground.

608. Then it is not ascertained, nor your duty to ascertain it?—No.

609. Is there, in point of fact, any check, and if any, what, upon the quantity of ground Malt?—There is no check upon the quantity.

610. When did you make your last Report?—About a month ago.

611. When you say we, whom do you mean?—Mr. Johnston, who accompanied me.

612. To what office was that Report addressed?—It was addressed to The Honourable the Commissioners of Excise.

613. That of course was in writing?—Yes.

614. When had you made the next preceding Report?—I am not aware that we made any special Report for a long time back on that business: our Reports go into the daily Journal, and then they are laid before the Board; the original Journal is laid before the Board.

615. About a month ago you made the last special Report?—Yes.

616. Had you within three months before that made any other special Report?—Not with respect to the distillery business.

617. The only special Report that you have made upon the distillery of late was a month ago?—Yes.

618. What means have the Excise of knowing what your proceedings are?—We keep a Journal, wherein we enter every place we visit, every discovery we make, and every mile we travel, and that is laid before the Board on our return from the country; but during the long period I was in Scotland, we made monthly returns and a duplicate as well, one of which was sent to the Scotch Board, and the other to London; besides which, we sent in a general statement more frequently of what we had done, and asked directions how we were to proceed.

619. How often were such statements given in?—When we finish the work first laid out for us, which may take three weeks or a month, then the Board direct us to return to the office, or give us a fresh route.

620. Did you find any raw grain in any other distillery besides this at Sunbury?—No.

621. That was the only case of the kind?—Yes.

622. Did

622. Did you inspect all the distilleries about Edinburgh about the same time?—No, we did not; we had a certain number pointed out, which we inspected.

623. Was it known in Scotland that you were making this survey?—No, I believe not.

624. You endeavoured to make it as secret as possible?—We did.

625. In this distillery at Sunbury, the distiller had given notice to work as a Malt distiller?—Yes.

626. He had not actually commenced?—No.

627. Had he not ceased to work as a raw grain distiller?—Yes, he had, some weeks.

628. How long a time must have elapsed before, under the law of the Excise, he could have commenced working as a Malt distiller?—They give six days' notice; this was on a Saturday, and his working was to commence on the Monday following; so that there was only one day between.

629. What expense would attend the mode suggested, of requiring the Excise Officer to accompany in its transit all Malt passing from the malster to the distiller?—It would be a great expense; it would take a great many additional officers.

630. Does the distiller in Scotland generally make his own Malt?—Generally; some very large distillers use more than they can possibly make; but they have most of them two or three malt-houses.

631. Can you state whether the persons about to be named make their own Malt; the Glasgow Company?—I cannot speak to Glasgow.

632. Macfarlane?—He makes his own.

633. Thomas Calder, does he make his own Malt or not?—I never surveyed him.

634. Messrs. Haig?—They make a great deal; I do not know that they buy any.

635. With respect to the making of Malt, is there not a special law how long the barley is to remain in steep?—Yes, it is to remain forty hours.

636. After it comes out of the steep, is there any law how long it is to remain on the floor?—There is a limitation as to the time it is to be in the couch frame; then there is no limitation afterwards when it shall go to the kiln.

637. The length of time it lies in the couch, it is presumed by the Excise, is sufficient to produce perfect germination?—No, it does not germinate in the couch.

638. Do you conceive it possible that a distiller can only half malt his grain, and will it be for his advantage so to do?—It is never very well malted; they do not malt it in the same way as if it was for other purposes; their Malt would not answer for brewing, because it is not perhaps more than half or two-thirds malted.

639. What is the average weight of a quarter of this imperfectly malted grain?—I cannot speak to that; we never weigh it.

640. The distillery at Sunbury was in a legal capacity to work on the Monday after the Saturday that you visited it?—Yes, it was.

641. Was it, in point of fact, in actual preparation for Malt?—Yes, they had got some thousands of bushels of Malt ground for that purpose.

642. You cannot undertake to state whether all that which was ground was actually Malt?—We examined it very minutely, and have no reason to believe there was any admixture of raw grain.

643. There was no test; you could not test it?—No; we had no test to try it by; but there was a considerable quantity unground, and we examined that minutely, and could not discover any raw grain therein.

644. After it is ground, it is difficult to discover it?—Very difficult; they grind it to dust.

645. Are you to be understood that you know of no test by which it could be ascertained whether ground corn was all Malt, or a mixture of Malt and raw grain?—I know of no test.

646. Did you take away samples of this meal, in order that it might be examined?—Yes, we took samples.

647. Did you take them away and examine them?—Yes, and we could not discover any thing; I have the samples in London.

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Mr. John Johnston.

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648. What interval elapsed between the visit of the local officers and this survey of yours?—Not above an hour or two; but the distillery was completely silent at that time; there was no necessity for any officer being on survey; all was silent, and had been for two or three weeks.

649. What interval did elapse?—The officers survey every four hours, whether they are working or not.

650. You found three bushels of oats; if those oats had been mixed with the Malt, was it not very easy to detect that; would not the husks of the oats be easily detected?—They grind it so very small upon the stones, I cannot say whether it could be detected; we did not discover any husks in the ground Malt.

651. Can you tell in a distillery, from the appearance of the wash, whether a mixture of raw grain had been used?—No, I could not tell the difference.

652. Would not the wash be thicker in the case of raw grain being used, than of Malt being used?—No; I cannot say that it would.

653. Can you tell, from the appearance of the grains afterwards, whether it was Malt grains, or the grains from raw grain?—No, I could not; it is all ground to a powder.

654. Do you state that the Malt entered for Drawback in distilleries will not answer for breweries?—Not where it is only half malted.

655. Do you mean to say that the distillers do not use good Malt?—It is not what we deem well malted; they take it to the kiln before it is fully germinated.

656. Is it not generally understood that the distillers use good Malt in the making of their whiskey?—That is not understood by us in the Excise; it would not answer the other purpose; they make it very differently for brewing; they only keep it in operation upon the floor about a week.

657. Would not such Malt sell well for brewing purposes?—If I was a brewer I would not buy it.

658. Do you know what extracts they can obtain from such Malt; how many gallons of a certain quality can be obtained from it?—I cannot speak to that.

659. You are not a practical distiller?—No.

660. Is not the bad quality of Malt an additional reason, making it difficult to detect the addition of other grain when ground?—It may make it a little more difficult, but it is not impracticable to ascertain the difference, for there will always be a sweetness if it is only partially malted.

661. The bad Malt being less sweet than the good Malt, the ground bad Malt can be less distinguished from other grain than good Malt?—Yes, but it can still be distinguished.

662. Did you not state that you knew of no test?—After it is ground I do not know of any.

663. Would it not have as sweet a taste after it was ground?—Yes.

664. Would not the taste of imperfectly malted grain, when ground, be very much like the taste of perfect Malt with a certain portion of grain mixed and then ground?—I cannot say, indeed.

665. Is it your opinion, that from the quality of Malt used in distilleries, there is not the inducement to the maltster who malts for the Drawback or to the distiller to commit a fraud by selling their Malt to brewers?—No, I do not think there is much inducement.

666. The quality is not good enough to be used in the brewery?—No, not generally.

667. Do you mean to say that a brewer could make no use of that imperfectly malted grain which is sufficient for a distiller?—He can make use of it, no doubt, but it would not answer his purpose so well.

668. Would it not to a certain extent answer his purpose?—It would answer his purpose if he could buy it at a lower rate; probably it would not answer his purpose equally to good Malt.

669. He would get it at a lower price, and therefore might it not be an object to him, because of the lowness of its price, to use it, though not so good as better Malt at a higher price?—It might probably answer his purpose.

670. Do you know the difference in price between the best and worst Malt; does it amount to 10s.?—I am not aware.

671. Is

671. Is it a fact generally admitted by distillers that they use a more imperfect species of Malt than that used by brewers?—It is admitted by the trade that they can produce a greater quantity of Spirit the less it is malted.

672. What quantity of Spirit do you conceive may be produced from a quarter of this imperfect Malt?—It is perfect enough for distillery purposes, and will produce two gallons and rather more from a bushel.

673. That is merely the Excise allowance; what is the actual produce?—I have taken out several accounts; I never found it to exceed two gallons and two-tenths.

674. In the case of raw grain, what quantity is produced?—A little more.

675. How much more?—About a tenth or two more; it is very rare that Malt will produce two gallons and two-tenths; it will not produce it on an average, but I have known good Malt do it.

676. In speaking of this bad Malt as being used by distillers, are you applying it generally to Malt used by all distillers, or merely to Malt used by the distillers from Malt alone?—From Malt alone.

677. Is the proportion which the distillers from grain use of inferior description, or the best?—The Malt they use is not made under distillery regulations.

678. Is the Malt which the grain distillers use of the best description or of an inferior description?—What I consider to be of inferior description is, that it is not germinated and worked in the way other maltsters work; yet it is perhaps made from equally good barley.

679. Is it a perfectly or an imperfectly germinated Malt that the grain distillers use?—It is an imperfectly germinated Malt.

680. The grain distillers, as well as the Malt distillers, make use of this imperfectly germinated Malt?—As far as I have seen.

681. Do your observations apply to Scotland only?—Yes.

682. It is your opinion that badly malted grain will produce more Spirit than good Malt?—Yes.

683. Of course any obligation upon a manufacturer to produce Spirit from Malt must be expensive to him, inasmuch as it gives him less profit?—Yes.

684. What would be the effect on the operation of brewing and using inferior Malt?—The liquor would be of a worse quality, and would not get firm.

685. Is whiskey made from that imperfect Malt entitled legally to the Drawback?—Yes, it goes through the regular process of malting.

686. What is the difference in the mode of preparing this Malt from that of preparing the best Malt?—They take it to the kiln much sooner.

687. Is it steeped as long?—Yes, it is steeped as long, and it is in the couch the same time; with respect to the time on the floor, that remains with themselves.

688. Upon the average, how long is it on the floor?—Upon the average, it is generally about six days less than other Malt.

689. Is that the only difference between the two?—Yes.

690. Is not the process of malting one of the great means by which one trader gains superiority over another?—I do not think it is.

691. Does not every trader almost conduct his malting business with some little variations, one man growing his barley a little more and another less?—Yes.

692. Does not one turn his barley oftener than another?—That is according to the nature of it.

693. It would be impossible to say how long barley should remain on the floor after it came out from the steep?—That is all in the judgment of the maltster.

694. Are you a judge of whiskey?—I taste it occasionally; I cannot say that I am much of a judge.

695. Is there any great difference between the whiskey made from this imperfect species of Malt and the raw grain whiskey?—Yes.

696. How should you describe the difference in respect of flavour?—The principal part made from raw grain is made for the English market, and it is that kind of Spirit I could distinguish from the other by its quality and taste.

697. What is the difference of taste?—I do not know how to describe it; the strength is all the same; it is all in the taste.

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698. How is the look?—One looks nice and bright; the other, as I see it, is muddy: it never stops to get fine, for it is put into puncheons, and rolled out again to go to England or Ireland.

699. If you mixed the two with water, what would be the difference?—The raw grain would not mix well.

700. Would the raw grain be milky and muddier?—I cannot say it has a muddy appearance at first, such as we see it at the distilleries.

701. Do you speak of it after it is put into the puncheon or before?—After it is put into the puncheon.

702. Do you mean to say that there is a difference to the eye between the two Spirits?—When it is put into a glass there is a difference, but the principal thing is the flavour; the strength is the same.

703. What is the difference in the flavour?—The flavour of one is good; they communicate the peat flavour, or the birch, or whatever it may be; it is very easy to distinguish them. I do not mean to say, they could not communicate the flavour to the other, but they do not use the means.

704. How could they communicate that flavour to the corn Spirit?—I do not know how they could do it; I have not the practice to know how they communicate any flavour, only that they are different.

705. Is it your business, as an Excise Officer, to examine the various practices of rectifiers, and to know what are the ingredients they introduce to give flavour to rectified Spirits?—No.

706. You stated that the flavour of Malt Spirit can be communicated to the corn Spirit?—I do not know of any process whereby they can do it; it could be only in a small degree: I do not say that they could carry it to that pitch; the Malt they use to mix with the raw grain, if dried with peats, might give it some flavour.

707. Do you think the general consumers of Spirits in Scotland have palates sufficiently fine to distinguish between the two Spirits of which you are speaking, Malt Spirit and this grain Spirit, to which a dash of Malt had been given?—I do not believe the generality of the lower class of persons could distinguish if there was a little mixture.

708. Did you ever taste any grain Spirit to which the flavour has been imparted?—No.

709. Could you distinguish, if you had tasted, it from the real Malt whiskey?—I cannot say that I could; I never tasted any with the flavour, nor I do not know that they ever do it.

710. Is not the ordinary way of communicating it by buying a little high-flavoured Highland whiskey, and mixing it with the other?—I have heard tell that they mix Highland whiskey and Lowland together, and there is no law that I know of against it.

711. Have you ever known that flavour of peat or birch communicated to grain whiskey?—No.

712. You have stated that you can easily distinguish good malt whiskey from grain whiskey?—Such as is made for the English market; made in a very coarse way.

713. Is it not your opinion that any man who has been in the habit of drinking whiskey could distinguish them?—Yes; Highland whiskey and common Lowland whiskey, for the English market, any person could distinguish.

714. What is the difference in price?—I do not know the market price of any of the articles.

715. Are you aware that whiskey sent from Scotland, for the English market, is sent for the purpose of being rectified before it is drunk?—Yes.

716. Then do you mean to say, that a Spirit from raw grain, intended for the Scotch market, is of the same quality as that intended to be sent from Scotland to England?—I rather think it is not; that intended to be consumed at home is rather better; it is made in smaller distilleries, and they take more pains.

717. Are you sufficiently experienced to be able to state the difference precisely?—No.

718. Is it the custom in Scotland to consume raw grain Spirits at all; do you know that any raw grain Spirit is made for home consumption in Scotland?—Yes, a great deal.

719. What

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719. What proportion of the consumption of Scotland consists of raw grain Spirits?—I cannot speak to that; there are Returns in the office which would show that.

720. Do you think there would be any great danger of increasing smuggling in Scotland if the Malt Drawback was repealed?—Yes, I think there would in the Highlands.

721. Supposing the Drawback was abolished, and the Duty reduced, do you think that would counteract the bad effect of taking off the Drawback, so far as smuggling goes?—Yes, I think it would.

722. You think there would be illegal stills in the Highlands, if the Drawback was taken off without decreasing the Duty?—Yes.

723. Are you aware that samples of Malt, and samples of mixed Malt and barley, both being ground, were submitted to the inspection of the Commissioners of Inquiry in 1823, and that they could not distinguish which was the Malt and which was the mixed sample?—No, I am not aware of that.

724. You state that there were only nine bushels of unmalted grain detected at Sunbury?—Yes.

725. Would it not be the interest of the distiller to have only a small quantity on his premises at a time, so that he runs less risk of a heavy punishment?—The penalty would be the same whether the quantity was large or small.

726. The loss would be greater?—It is not liable to seizure, whatever quantity there is.

727. The man committed no offence by having that on his premises?—No; I do not consider that a detection.

728. Have you been surveying the breweries in Scotland as well as the distilleries?—Yes; when we are on general survey, we survey all traders.

729. Since the taking off the beer Duty, is it your opinion that the manufacture of beer in Scotland has increased or decreased?—In some parts it has increased a little, we are told; we have no means of ascertaining that fact, as we do not take an account of the quantity brewed.

730. What is your impression?—That there is not a great deal more consumption upon the whole.

731. Were you in Scotland at the time when the Drawback was first granted?—I came to Scotland in the year 1824.

732. Were you there before the Duty was lowered?—Immediately after, on the union of the Boards.

733. You cannot speak as to the effect of granting the Drawback?—No.

734. In the course of your observations in Scotland, did you find reason to believe that illicit distillation is now carried on to any extent?—It was carried on to a great extent at the time I first came, but I have no reason to believe it is carried on to any extent now.

735. What period do you allude to when you say it was carried on to a great extent at first?—In the year 1824.

736. Latterly you think it has been in a great measure put down?—Yes.

737. To what do you attribute that decrease in the illicit distillation?—To the low rate of Duty, and the Malt allowance.

738. What do you think would be the effect, in the western coast of Scotland, of the withdrawal of the Malt allowance, not granting the Drawback in fact upon the Malt used in Malt distilleries?—My opinion is, that it would be very injurious to the small distillers, and that they would not be able to carry on their business in a fair way.

739. Then, if you believe that they could not carry on their business in a fair way, do you not believe that they would endeavour to carry it on in an unfair way?—Yes, that is my impression.

740. Your opinion is, that the effect of granting the Malt Drawback has been to induce them to distil legally, and to discourage illicit distillation?—Yes.

741. Must not the encouragement of the small distiller be much greater, as he gets more Malt Drawback than he is legally entitled to?—Of course he will have more encouragement; but we never had the least suspicion that the small Highland distillers used raw grain.

742. Can you state whether there have been any legal convictions amongst the small Highland distillers for using raw grain mixed with their Malt?—I do not believe there has been one during the whole seven years; I never heard of one.

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743. Have you been in the habit of inspecting the Highland districts?—The whole of them.

744. Have you ever had a suspicion of the kind?—Not the least; I never saw a bushel of raw grain on their premises.

745. Would any beer, or other liquor, made from Malt kiln-dried on peat, make a liquor that would be decently drinkable?—No, it would have a very bad flavour.

746. What temptation would the maltster have to dispose of his Malt in the Highlands of Scotland?—None at all.

747. Then, according to your impression, the lowering the Duty on Spirits to the extent of the Malt Drawback, would have precisely the same effect on the Highland distilleries as giving them the Malt Drawback?—Precisely.

748. The effect at present of allowing the Drawback upon Malt is to make the price of Malt Spirit and of grain Spirit very nearly the same; but if you were to take off the Duty generally on both descriptions of Spirits, though both would be lowered, the price of grain Spirit would be less?—Yes.

749. But if the Duty on Spirits generally were lowered, would not the Spirits distilled from Malt, although they were lower in consequence of the taking off the Spirit Duty, be dearer than the raw grain Spirits, by the amount of the Duty payable on Malt?—Yes.

750. What would be the effect, in your opinion, of making the Malt Spirits in Scotland much dearer than the raw grain Spirits; would it or not tend to increase very much the quantity of raw grain Spirit distilled for consumption in Scotland?—I cannot say how it would operate.

751. What was the effect formerly before the Malt Drawback was allowed; was not the proportion of grain Spirit then consumed in Scotland very much greater than it is now?—I was not there at that time.

752. The distiller from Malt in the Highlands, and the distiller from Malt in the Lowlands have the same Drawback?—Yes.

753. If the Drawback was done away, the same position would remain relatively; the small distiller in the Highlands would be just in the same position to the distiller in the Lowlands as he is at present?—Precisely.

754. Do you not believe that if the Malt Drawback were removed, the grain distiller would be able greatly to undersell the Malt distiller?—Yes.

755. Would not that have the effect of forcing upon the consumption of Scotland an unpalatable Spirit?—Yes.

756. Would not the forcing an unpalatable Spirit on the consumption of Scotland have a tendency to encourage the fraudulent distillation of a more palatable Spirit made from Malt?—If the Malt Drawback was taken off, I have good reason to think they would not work wholly from Malt, neither the Highland nor the Lowland distillers; they would then mix it as they please.

757. Do you not believe that the consumers of whiskey would still very much prefer the whiskey distilled from Malt alone?—They would, no doubt.

758. Do you know whether the Highland Spirit made from Malt sells at more than the Lowland Spirit made from Malt?—Yes, I know it sells for more; but I do not know the difference.

759. What reason is there for that?—It is a very superior Spirit, to my taste. 760. Do you mean that it sells for more in Glasgow?—It sells for more in Edinburgh by about 6d. a bottle, as I see it ticketed in the windows 1s. 6d. and 2s.

761. Are you not aware of a quantity of Highland whiskey being sold at the Excise sales?—Yes.

762. Are you not aware that that sells there at a much higher price than the Lowland whiskey?—Yes.

763. How much higher?—I have known it at the Excise sales sold at two or three shillings more than the distiller asked for it at his premises; that was three or four years ago, when smuggling at Glenlivet of this whiskey was carried on to a considerable extent.

764. Since the illicit distillation has been put down, at what price has it sold?—We have had very little of late.

765. Is it not considered in Scotland that the quality of whiskey improves in proportion to the smallness of the stills?—That is a prevalent idea, and I think there is something in it; it is much finer in flavour.

766. Do you know the reason of that?—They can work it cooler.

767. Is

767. Is it not because the wash is less liable to burn in the bottom of the stills, that they can stir it about more easily?—That may be one reason; but I think the smallness of the still is the principal cause.

768. Is it not in the power of large distillers distilling from grain to distil at a cheaper rate than small distillers, from the largeness of their works, and then in that way to undersell them?—Certainly.

769. Is it your opinion that increasing the grain Spirit on the consumption of Scotland would be the means of throwing the monopoly into the hands of the great distillers?—Certainly it would.

770. Are you aware how many gallons of Spirits a person is allowed to draw from a quarter of barley, and how many from a quarter of bere or bigg?—The allowance for the Drawback is two gallons from every bushel of barley, and one and a half from bere or bigg; but he may draw more or less; if he draws more Spirits, he pays for deficient Malt; if he draws less, he loses the Drawback altogether.

771. The great distiller almost invariably uses barley and oats, does he not?—Principally; there is very little bere or bigg grows there.

772. If the great Lowland distillers obtain a monopoly in the market, so as to prevent the present small distillers in the Highlands working to advantage, would or would not that lead to the recurrence of the old system in the Highlands, of every man making as much whiskey as he could of his own barley, without paying Duty?—That is the impression on my mind.

773. In the event of the Drawback being abolished, if the Duty was reduced, do you think that would enable the legal distiller to undersell the smuggler?—Yes, I think it would; the Duty would be so low there would be no temptation to smuggle; it is the low Duty keeps down the smuggling in a great measure.

774. If the Malt Drawback was taken away, the only mode of repressing the illicit distillation, in your opinion, would be by lowering the amount of the Spirit Duties?—Yes; so that it would not answer the illicit distiller's purpose, and he could not come to the market with his Spirits.

775. Do you believe that the Malt Drawback could be repealed, with safety to the Revenue, without at the same time materially lowering the Spirit Duty?—No, it could not.

776. Will you state the reasons which induce you to form that opinion?—My opinion is, that should the Malt allowance be done away with, all descriptions of distillers would introduce raw grain, more or less; we should have no pure Malt whiskey; none of the Highlanders would use grain then; there would be nothing against it; we should never have a pure Malt whiskey.

777. Do you, from your experience, consider that the checks of the Excise, as at present existing, are ineffectual for the prevention of fraud?—No, I do not think they are ineffectual.

778. If they are not ineffectual, and if they are pursued with unremitting attention, would not those checks be sufficient to prevent fraud?—Yes; I am not aware that fraud is carried on; we have used every means to detect it, and have never been able to make a detection; I have been seven years upon it, and if it was carried on, we certainly should detect it occasionally.

779. Do you consider that the regulations regarding the Malt Drawback are more easy of evasion than the other Excise regulations applicable to Spirits?—No, I do not think that they are.

780. You spoke of the necessity of continuing the Malt Drawback in Scotland to prevent smuggling; are you aware that in Ireland, before the late additional sixpence a gallon was put on, the illicit distillation was almost totally prevented by the mere reduction of the Duty on Spirits?—I am not aware of that; I have never been in Ireland.

781. You spoke of there being some Irish officers in Scotland?—There are a few.

782. Are you aware that there are fifty General Examiners of Excise?—I suppose there are.

783. Are you aware there are only two Irish out of the fifty?—No, I am not aware of that.

784. To Mr. Johnston.]—You have heard Mr. Herdson's Evidence?—I have.

785. Do you agree generally in what he stated?—Yes.

786. Is there any point on which you would make any observation?—No.

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787. Did

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787. Did you accompany him on the whole of his survey?—During the last year and a half we went together.

788. You heard generally his statement, that you were not able, from your own observation, to discover that the practice of abstracting Malt and substituting grain was prevalent, and that you had no suspicions of its being general?—No.

789. How long have you been in Scotland altogether?—About three years.

790. Did you concur with him in the Special Report he made after your return?—Yes.

791. Upon what point was that Report?—It was principally relating to distillers.

792. To individual distillers?—Yes.

793. Was it to the trade of the distillers?—To certain distillers.

794. Was it generally with regard to the distillation from Malt as affecting the whole kingdom of Scotland, or that which you had observed in the practices of particular individual distillers?—The practices of individual distillers.

795. By practices, do you mean as connected with their using raw grain with Malt?—Yes.

796. What was it which induced you to make that Report, so far as related to Malt and raw grain?—It was by the order we had from the Board.

797. Was it, originally, to report your opinion upon any particular question, or to examine particular distilleries, and to see whether any particular practices existed there?—To report our opinion regarding those distilleries we had surveyed.

798. Generally, or particular distilleries?—Only particular distilleries.

799. An opinion on what particular points?—With regard to the Drawback on Malt.

800. It is your opinion, that it is not a general practice in Scotland to mix raw grain with Malt, and by that means cheat the Revenue?—We could not find any such thing.

801. To the best of your belief, do such practices exist?—No.

802. Not to any great extent?—No, I do not think they exist to any great extent; particularly in the Highlands, I do not think there is any; I do not believe that it is general.

803. You say you do not believe it prevailed at all in the Highlands; have you any suspicion or reason to believe that it prevailed in the Lowlands?—No, we could not see any thing; it is merely from what I have heard since I returned to the Office that there was a detection made, but we saw nothing of the kind.

804. Where was the detection made?—It appears to have been made at Paisley, as I was informed.

805. Did you inspect the distillery at which that detection was made?—Yes.

806. And you saw no reason to suspect any thing there?—No.

807. Your opinion was just as favourable to that distillery as to any other?—Just the same.

Mr. William Hetherington, called in; and Examined.

Mr.
W. Hetherington.

808. YOU are in the Excise department?—I am.

809. What situation are you in?—Surveying General Examiner.

810. Have you been in Scotland?—Not on survey on the distilleries.

811. Have you been in Scotland at all?—When the Parliamentary Commissioners of Inquiry were there, I was with them for three months in Edinburgh.

812. What was the object of your inquiry in that year in Scotland?—The different matters which the Commissioners of Inquiry required of me; they relaxed a part of our system.

813. Had you means of attending to the working of the Excise regulations in Scotland at that time?—No, I visited a few breweries and glass-makers, and so on, just to form my opinion upon the points the Parliamentary Commissioners of Inquiry put to me.

814. You are resident in London, and in attendance at the Excise Office in Broad-street?—I am.

815. It is your province to communicate with the different Surveyors General who have been out on surveys over distilleries, is it not?—When any Reports come

come from them on subjects on which any difficulties arise, the Board refer them to us for report, and our observations upon them when any frauds are reported.

816. Does any difference of opinion exist among the Surveyors General as to the existence of frauds in the receiving the Malt Drawback in Scotland?—It is the general opinion that they are not carried on to any considerable extent, from the present mode of measuring the Malt and securing it in the store-room.

817. Are there any of the Surveyors of different opinion?—I think not in that.

818. What do you consider to be a considerable extent?—We think it is possible they may in the Malt mill introduce raw grain in a small degree, but we think not to any extent.

819. You think if it prevails to any extent, it is in the grinding?—Yes, that is the only place where I should suspect it.

820. Have you seen an account of the Returns of Drawback on Malt in Scotland for some years?—I have.

821. Have you compared it with the amount of Malt Spirits which paid Duty in Scotland for those years?—I have not.

822. Is it your impression that more Drawback has been received on Malt than had paid the Duty?—I have no reason to suppose that; I have always considered the Malt Drawback a very large sum; but whether it was more than they had paid Duty upon, I could not say; that opinion I never entertained.

823. Can you inform the Committee whether any Return can be given of the quantity of Malt sent from England to Scotland for the last year and a half?—I should think it might be procured from the Customs; the coastwise Malt; but that which went overland, I should think could not be obtained.

824. Did you say that some officers were of opinion that frauds have been committed?—No, I did not.

825. Do you know of any?—There has been one statement within the last six weeks of fraud which has been detected.

826. Where is that?—I do not know the district.

827. Is that still pending?—It is.

828. Have you seen the Reports of the gentlemen who were last examined?—I have.

829. On reading those Reports, did it appear to you that they gave good reasons for believing that fraud in the abstraction of Malt and substitution of grain did not exist to any extent?—They did not make it appear, nor is there reason from their Reports to believe that such a fraud existed.

830. In what stage was the fraud you refer to detected?—I believe in the hopper of the mill; I only saw the Report.

831. Was the nature of that which you heard any mixture of raw grain with the Malt?—Yes, they were detected together; the raw Grain which was mixed in the hopper of the mill.

832. Do you think that there are any means of distinguishing the mixture of grain with Malt, after the two have been ground together?—I think it is a very difficult thing; the description of Malt is so various, and particularly in the North Country, where it is frequently much damaged in the harvest, and then dried on the kiln; it is in such cases difficult, if not altogether impossible.

833. In respect of the grain harvested in the north, and damaged in getting in, you could not infer from finding a large number of grains mixed which had not germinated, that any fraud had been committed?—If it is good Malt, mixed with barley before it is ground, a good idea may be formed, but if it is bad Malt, and barley, kiln-dried, damaged in the field, mixed with it, there is a very great difficulty.

834. Has barley which has been damaged in the field and kiln-dried at all the appearance of Malt?—It has the appearance of inferior Malt.

835. Such barley may be mixed to a considerable extent?—Yes.

836. So as to diminish the chance of detection?—Particularly after grinding.

837. The question refers to the time before grinding, do you think that such barley as has been kiln-dried may be mixed with Malt, and that the chance of detection by the eye may be diminished?—Certainly.

838. How does the Malt go into the hopper?—It goes by a different manner into different hoppers; the hopper is the utensil that holds the grain before it goes into the mill; whether it is charged by spout or by hand, I cannot tell.

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839. Would not the fraud be more easy of commission if Malt and raw grain were permitted to be together in the same store?—Certainly.

840. Are they ever allowed to be together in the same store?—I cannot say.

841. Are you acquainted with the number of officers in Ireland and Scotland?—On reference I could state that.

842. Do you consider there is any difference as to the number of officers placed on distilleries in Scotland and in Ireland of the same size?—Certainly not.

843. Do you consider there would be any greater opportunity of defrauding the Revenue in Scotland than in Ireland?—I should think not the least.

844. Are you aware of the fact of Scotch Spirits being imported into Ireland, and being sold cheaper?—I have been told there is a great deal imported into Ireland from Scotland; but as to the price of it, I cannot say.

845. Can you tell the name of the officer who reported against the person you have alluded to?—No, I cannot tell his name.

846. Do you know Mr. Watson, the collector of the Haddington district?—Yes.

847. Are you aware what his opinion is upon the subject of the Malt Drawback?—I do not know what his opinion is now; I know what it was some years ago.

848. What was that opinion?—That if he had the management, he would not have a Drawback.

849. It was his opinion that the Drawback gave facilities for frauds upon the Revenue?—I do not know that, but he thought that the principal part of the Drawback went into the pocket of the distiller, and did not come to the public; but I did not hear him mention any thing of fraud.

850. The fraud you referred to as having been committed might be practised with equal facility in any other distillery probably?—I cannot say that; I do not know the premises.

851. You do not know of any difference in the premises which would facilitate the commission of it here?—No.

852. This is only one of the occasional instances of fraud which occur?—Yes, just so.

853. And the discovery of a single instance of fraud would not lead to the conclusion that such frauds are general?—No, certainly not.

854. But if the Irish and Scotch distiller can make at the same price, and the Scotch distiller sells infinitely lower than the Irish, do you not think that must be accounted for by the supposition of fraud?—No, I do not.

855. State your reasons?—I think, from the account I have seen, about a million of gallons of Spirits were sent in the last year from Scotland to Ireland; about 300,000 of those were Malt Spirits, made by Malt distillers; about 100,000 by persons who alternately worked from Malt and grain; the remainder made by men not connected in any shape or kind whatever with Malt distilleries; that is the reason why I think there could not be any fraud in respect of Malt.

856. The 600,000 were from grain?—Yes; I thought the examination referred to the Malt Drawback, and that the question put to me related to that.

857. Suppose for a moment, that an Irish distiller, the Duty being out of the question, makes Spirits as cheaply as the Scotch distiller, and yet that the Scotch distiller is able to undersell the Irish distiller considerably in the Irish market; do you know any cause which can account for that underselling, save frauds upon the Revenue either in the Spirit or the Malt Duty, or both?—I cannot state any reason.

858. You cannot conjecture any other reason?—I cannot conjecture that; I cannot conjecture fraud.

859. If the facts be so, must not there be a reason for it?—Unless they are content with smaller profits.

860. If under those circumstances the Scotch Spirits are sold at such a rate in Ireland, as would leave a loss to the Irish distiller selling his Spirits at the same, the quantum of profit then cannot be an ingredient at all in the transaction; is not that so?—Certainly it appears so.

861. Then it would be totally unaccounted for, and unaccountable for, according to your view, supposing no fraud to be committed?—Unless the Scotch distillers

distillers are so situate, that they can make Spirits cheaper than they can be made in Ireland, in reference to fuel and other things.

862. Do you know all the circumstances which affect the price of Spirits in Scotland and Ireland, such as their facilities for purchasing grain and fuel, the cheapness with which they can have the apparatus constructed in the two countries, and all the various circumstances affecting the manufacture?—I do not.

863. What it is upon which their being able to undersell the Irish distiller in their own market depends, you are not able to state?—I am not.

864. You have spoken of 600,000 gallons of raw grain Spirits being imported into Ireland; can you form any estimate how much of those were made by distillers who had both raw grain and Malt distilleries?—Those persons had only raw Spirit distilleries.

865. Are you able to inform the Committee, whether an estimate could be made of the expense of collecting the Malt Duty in Scotland?—No.

866. Can you form an opinion what proportion of the officers in Scotland have their time devoted to the collection of this Duty?—I cannot.

867. The 100,000 gallons, you say, came from distillers that worked alternately from Malt and raw grain, but the malting question is applicable to distillers having separate distilleries, one from raw grain and one from Malt?—I conceive those are included in the 100,000 gallons.

868. Are you aware of the manner in which grain is purchased in Scotland?—I am not.

869. You are not able to say whether it requires a larger capital for a Scotch distiller, and with that larger capital he is able to give a greater trust?—I cannot say.

870. With regard to the checks on the conveyance of Malt from the maltster to the distiller, do you apprehend they are such as to leave it open to much fraud?—I should think not.

871. Not in the actual conveyance?—No; it is generally examined when it arrives by the officer, and it can be only in very particular cases of very bad Malt or badly dried barley, that mixing can take place without discovery.

872. Is there any thing stated as to the goodness of Malt, when it is sent from the maltster?—No.

873. How is possible to know that bad Malt may not be received and good Malt sent?—It might be.

874. Do you not think that weight would be of use compared with the measure?—That would be attended with considerable expense to the parties, and besides which, barley when well malted generally loses one-fifth part of the weight; and for distillery purposes, as I have been given to understand, they do not work it above half, but take it to the kiln short malted; therefore it does not lose so much weight.

875. Can you give an estimate of the quantity of whiskey sent to Ireland last year by Mr. Harvie of the Glasgow Distillery?—No, I cannot.

876. How long have you been in your present situation?—I have been nearly twenty years a Surveying General Examiner.

877. What is your opinion as to the policy of granting the Drawback before the Duty was lowered?—I am scarcely capable of giving an opinion. I believe the quantity of Spirits charged with Duty in Scotland increased; but whether in consequence of the Drawback or the lowering the rate of Duty, I am not able to say.

878. The Drawback was granted a short time before the Duty was lowered?—I cannot speak to that; it was not under our Board at that time.

879. Supposing no alteration took place in the Duty, and the Drawback was repealed, what would be, in your opinion, the effect on the distilleries in Scotland?—From the information I have received, I think it is probable that private distillation would increase again; that is the fixed opinion of those men who have surveyed in that country.

880. Supposing a lowering to take place in the Duty on all Spirits, and the Drawback to be repealed, what would be the effect on the Revenue?—I cannot tell whether it would be worth while for the illicit distillers to distil from privately made Malt.

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881. Do not you think you might reduce to that extent that it might prevent the whole of the private distillers from distilling illicitly?—It might be reduced to that, no doubt.

882. Are you apprised that in Ireland private distillation has been put down by the mere reduction of the Duty on Spirits, the Malt Drawback in Ireland being of very immaterial consequence?—I am not aware of it; I have heard that such is the case.

883. They have succeeded in Scotland by taking off the Duty on Spirits?—That is the best way of preventing all illicit practices.

884. What are the grades of officers that belong to the distilleries in Scotland?—The same as in Ireland.

885. Have the goodness to state them, and what their salaries are?—The distilleries are under the care of the supervisor, the officer's assistants and expectants.

886. What is the supervisor's salary?—It is 200*l.* a year.

887. How much has an officer?—One hundred pounds.

888. What is the salary of an assistant?—Eighty-five pounds.

889. Is the supervisor at any expense of keeping a horse?—Certainly, in riding districts he is obliged to keep a horse.

890. Is the officer obliged to keep a horse?—In rides they are obliged to keep a horse.

891. If officers in charge of those distilleries were disposed to take doucens from a distiller, would the distiller have any interest in giving it if he was not committing fraud?—I should think if the distiller gave him a bribe it would be for something.

892. All those gentlemen who have 100*l.* a year salaries and keep a horse are all for maintaining the system of Drawback in Scotland; their General Reports are for maintaining this system?—I do not understand the question.

893. Do you not receive Reports from the supervisors?—From the supervisors and the superior officers.

894. The Drawback exists in Scotland, and not in England?—Just so.

895. There are more officers necessarily in Scotland for the inspection of a distillery in consequence of the Drawback than there would be in England?—In consequence of measuring the Malt, there may be officers more than would be necessary otherwise.

896. But there are more officers necessary?—Certainly, here and there an officer.

897. Of what rank are those officers; are they of the higher class or the lower; what salary have they?—The 100*l.* a year officers.

898. What would be the additional per centage that the Malt distiller must lay upon his Spirits, if the Drawback of 1*s.* 2*d.* per gallon were not allowed to him?—I do not know what the prices are; I know what I pay for whiskey in London when I buy a couple of gallons.

899. Will not it happen that the lower the Duty is that you impose upon the Spirits, the greater will be the per centage which the 1*s.* 2*d.* per gallon will occasion to the price?—No doubt.

900. Therefore the lower you make the Duty, the greater the temptation would be, if the Malt Drawback is not allowed, for the illicit distiller to distil from Malt?—Yes, exactly, if he could make it privately.

901. The salary of all those grades of officers is exactly the same in Scotland as in Ireland?—I believe exactly the same; some time ago they were not in Ireland, nor in Scotland neither.

902. In England, what is the difference of salary of the same grade of officers?—They are all the same now throughout.

903. Are you at all acquainted with the expense of living in Ireland and Scotland?—A little in Scotland, but not in Ireland.

904. Do you suppose that the officers in Scotland are more liable to be bribed than those in England?—No, I should think not.

905. Are you sufficiently acquainted with the process to suggest any mode of preventing the introduction into the hopper of meal and raw grain?—I think, instead of the law saying that no raw grain ground or bruised should be upon the premises, that it should be said ground or unground; that no raw grain should be allowed to be there.

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906. If you do that, you totally prevent the distiller from malting?—No; I would confine the law to the distillery premises; that the raw grain should not be on the entered premises for the distillery.

907. According to that plan, he could have a malt-house the very next door to his distillery?—If it was to extend to prevent that, that would go to a great injury of property, perhaps.

908. Do you mean to prevent the malting on the distillery premises?—Not on the distillery premises, but not on premises entered for the distillery; that he should have no grain on premises entered for the distillery.

909. But he may have grain on premises communicating by interior doors with those used for the distillery?—It would be, perhaps, a hardship to prevent a man having it upon those premises.

910. You would only go so far as to prevent his having it on the premises entered for the distillery, though you would allow him to have it on premises communicating interiorly with those?—Yes, those entered for Malt-making; at present, he can have unground grain in the very place where he is grinding for distillery purposes; but that I would prevent by law.

911. Do you think that preventing that would be any inconvenience to the honest dealer?—I think it would not.

912. Would it not facilitate the officer's detection?—You would be quite sure, if the officer detected it there, that would be decisive.

913. You said that the Irish distillers have almost as many officers stationed upon them as the Scotch?—Yes.

914. Have the English distillers nearly as many?—I think they have.

915. Do you think they have as many?—I think they have.

916. The Malt Drawback does not apply to the English at all?—It does not.

917. Are you aware that illicit distillation has been very much prevented in England by the reduction of Duty?—I am not; I believe there is a very great deal of private distillation in England now.

918. Has the amount of Duty been increased by the reduction?—I cannot speak to that without examination.

919. If it could be proved to you that the distillers have fraudulently received the Drawback, notwithstanding the superintendence of the Officers of Excise, such officers being quite satisfied that no such fraud had been committed, would not that shake your opinion as to the non-existence of those frauds in Scotland?—No; a man might visit premises now and then with no appearance whatever of a fraud, and perhaps it might be committed an hour afterwards, if an opportunity existed.

920. You are apprised that the Drawback on Malt in Scotland has amounted to ten millions since its commencement?—I have been so told.

921. And that in Ireland it has not amounted to forty thousand pounds?—I understand that in Ireland they work very little from Malt.

922. There is greater opportunity then for the distillers to make it worth the officers while to allow them to increase this Malt Drawback improperly in Scotland than in Ireland on that calculation?—If there be an opportunity at all, the more they do the greater the opportunity.

923. Have you any reason to believe that the law is carried more strictly into execution in Scotland than in Ireland?—If I were to give my opinion, I should say, it is fully as strict in Scotland as in Ireland.

924. Have you been in Ireland at all?—Never; but we have the Report of officers from Ireland as well as Scotland and England.

925. Supposing an officer and a trader were inclined to act a roguish part, are there not other ways by which an officer might have the power of assisting the trader in smuggling fully as effectually as in the Malt Drawback; for instance, might not a few degrees of greater strength of wash, or a few degrees less of attenuation, produce a better return to the distiller than the Drawback on Malt?—Yes, or a few inches of short dipping of the receiver; the officer might do better than upon Malt.

926. Would that apply equally to grain distilleries?—Yes.

927. Have you been employed in making up any of those documents which have been published, and which the Irish distilleries have quarrelled with?—No; I have not.

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II

928. A controversy

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W. Herkington
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928. A controversy of an unpleasant nature has taken place between the Excise and the Irish distillers?—I know nothing of that.

929. Do you know whether there are any Irish officers in Scotland?—I do not.

930. Has it not happened up to a very late period that illicit distillation was very prevalent in Ireland?—I have been so informed.

931. Have you any knowledge of illicit distillation in Scotland?—No.

932. Are you aware that it is recommencing?—I am not.

Lunar, 19th die Septembris 1831.

HENRY WARBURTON, ESQUIRE,

IN THE CHAIR.

Mr. William Aitchison, called in; and Examined.

Mr.
William Aitchison.
19 September,
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933. YOU are a distiller?—I am, carrying on business at St. Clement's Wells and Musselburgh, near Edinburgh.

934. Do you distil from Malt?—I distil from Malt only at Musselburgh, and from raw grain at St. Clement's Wells; I have two distilleries.

935. Have you signed your name to any representation or petition, either to the Treasury or the House of Commons, on the subject of the alleged irregularities relating to the Malt Drawback in Scotland?—Yes, to a great number, both to the House of Commons and the Treasury.

936. Do you believe such irregularities do exist?—I do.

937. Are you of opinion, that it is owing to the allowance of Drawback on the Malt used in the distillery that illicit distillation has been at all suppressed in Scotland?—Not in the least.

938. To what do you attribute the diminution of illicit distillation which has taken place within the last five or six years in that country?—Principally, if not entirely, to the reduction of Duty.

939. To what other causes do you attribute that, besides the reduction of Duty which has taken place?—There has been an improvement in the quality of Spirits generally, owing to the different regulations under which distillation is now carried on.

940. Before the system of granting this Drawback was introduced, had you any means of observing the effect of high or low Duties upon the consumption of legally distilled Spirits?—I had.

941. State what was the result?—I found, that in the years 1807 and 1808, when the Duty was 5s. 8d. the imperial gallon at proof, there were upwards of 2,600,000 gallons charged with Duty; that in the years 1814, 1815 and 1816, the Duty was raised to 8s. and to 9s. 4d.; and the consumption of 1815, or the quantity brought to charge, was 1,591,000 gallons, and in 1816 it was only 918,000. The distillers represented to Government, that in consequence of the high Duties, smuggling had increased, and in consequence of a system of distillation being introduced under which they could not make Spirits of a good quality, an alteration of the system took place, and a reduction of Duty also, and an immediate increase of quantity was brought to charge, upwards of two millions; a further reduction took place in October 1823, from 6s. 2d. to 2s. 4d. and then an immediate and great increase of consumption took place, amounting to five millions of gallons and upwards. I may add, that in the years 1821 and 1822, the Malt Drawback system was introduced; but there was no material increase took place in consequence of that.

942. There was no material increase, until the introduction of the new law, reducing the Duty, in 1824?—Just so. I refer to the Parliamentary Paper, No. 409. of the Session 1830, ordered to be printed the 28th of May 1830.

943. Are you of opinion that any frauds are committed by distillers in claiming Drawback of Duty upon Malt?—I have no doubt there is.

944. In

944. In what manner are those frauds committed?—By mixing raw grain with Malt; it may be done in various ways; it may be done by taking Malt off the kiln and putting barley in its place, or by mixing barley with Malt when taking from the lock-up store to the distillery.

945. Do you state of your own knowledge that this has been done, or only that it may be done?—I have no knowledge of any thing having actually been done.

946. You are aware of checks being imposed by the Act of 4 Geo. IV. c. 94.?—I am aware of the law, but I do not think there are many effectual checks upon it.

947. Do you consider the regulations now established sufficient to prevent fraud if it should be attempted?—Not at all; I am not aware of any regulations which can be imposed that can prevent it.

948. What is the price at which the Spirits made from Malt alone in the large distilleries in the Lowlands of Scotland are now selling?—At 6s. 6d. the imperial gallon; eleven per cent. over proof.

949. What is that reduced to proof?—A little more than 5s. 10d. proof.

950. The Duty being 3s. 4d.?—Yes, leaving 2s. 6d. for the price of the Spirit.

951. Are you of opinion that at the price of 2s. 6d. for proof Spirit, exclusive of Duty, that is a sufficient remuneration for the distiller of those Spirits?—It is considerably below what I can make them for.

952. Is that the general selling price at present?—Yes.

953. Since what time has that been the price?—That was ten days ago, when I left Scotland; that is the price in any large quantities.

954. How long has that been the case?—For the last two or three months; it has varied 1d. or 2d. a gallon; not more.

955. Can you state what is the price of Malt in Scotland during the same period?—Fifty-six shillings a quarter for ordinary Malt.

956. For Malt of the quality used in the distilleries?—Yes.

957. What is the quantity of proof Spirit which could be extracted from a quarter of such Malt?—About sixteen gallons is generally shown as being produced from that Malt.

958. Do you not believe that more is extracted?—I have no doubt that more is produced; but when I say that quantity only is shown, those distillers in the Returns by the Excise only show two gallons to the bushel; therefore I apprehend the inference is, that there is only two gallons produced.

959. They produce just as much as to bring it up to the Excise charge?—Just so.

960. From that it would appear, that from a Malt which costs them 56s. a quarter, they produce only sixteen gallons of Spirits, which sells at half-a-crown a gallon?—Yes.

961. Upon that they receive a Drawback of the Duty of 1s. 2d., making together 3s. 8d., do they not?—I take the Malt at 56s. the quarter, from which there are sixteen gallons; the cost therefore of the Malt is 3s. 6d. I take off 1s. 2d. Drawback, which leaves 2s. 4d.; I add 3s. 4d. the Duty, making 5s. 8d.

962. That leaves a profit of only 2d. on the prime cost of the material?—Yes, exclusive of any expenses.

963. Do you include in that the expense of making the Spirits?—No.

964. Those Spirits must be sold at a price considerably below what they actually cost the distiller?—At least 6d. a gallon.

965. Is that any conclusive proof of fraud existing?—I do not say there is fraud existing there; but they sell for 6d. a gallon lower than they can be legally made for.

966. Will not that often happen where there is free competition and numerous competitors?—Very often, I believe.

967. Would that occur for any great length of time, in your opinion?—I should think not.

968. Do you know what the price of Malt Spirits in the Highlands of Scotland is?—I buy them myself; I pay 8s. 6d. and 9s. a gallon, eleven per cent. over proof, which would be about 7s. 8d. proof.

969. Do you speak of that as the wholesale price, when you buy it yourself?—Yes.

970. To what cause do you ascribe the great superiority of the price for those

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those Spirits distilled in the Highlands over those distilled in the Lowlands?—I should suppose the superior quality; the taste of the public there thinking them better.

971. In what part of Scotland did illicit distillation chiefly prevail before the change of the law?—Principally in the Highlands.

972. Do the persons who reside in the Highlands actually pay 2s. a gallon more for the Spirits they use than the persons who consume Malt Spirits in the Lowlands do?—I have no doubt of it, that the Highlander pays 2s. a gallon more for his Spirits than the Lowlander.

973. Do you conceive that arises from the circumstance that the Spirits in the Highlands are actually made entirely from Malt?—I dare say principally from that; I believe they are made entirely from Malt in the Highlands.

974. The frauds to which you have alluded are chiefly committed in the Lowlands?—Yes.

975. Are you of opinion that the repeal of the Drawback on Malt would increase illicit distillation in Scotland?—I do not think it will have that effect in the smallest degree, except as the increased price might tend to that.

976. Would a reduction of the Duty on Spirits generally prevent any chance of increased illicit distillation to the same extent?—I have no doubt that would just have the same effect, and prevent any increase of illicit distillation.

977. In what manner are Spirits generally consumed in Scotland?—The greater proportion is consumed in drams.

978. Would it make any material difference to the consumer of Spirits in drams whether that Spirit was made from Malt alone or from mixed grain?—I should think not in the smallest degree; that he would not know one from the other.

979. You stated that the higher price of the Spirits in the Highlands was owing to the superior quality which you conceived to arise from their being made from Malt?—Yes; but they are not consumed by the dram-drinkers, but by a superior class of persons who make them into toddy and punch, and give a higher price on that ground.

980. Do you know of your own knowledge that large quantities of Spirits are imported from Scotland into Ireland?—I see it from official documents; that is all the information I have.

981. Do you send any Spirits yourself to Ireland?—No, I do not.

982. Do you know whether any Spirits are brought from Ireland into Scotland?—I believe none.

983. Are you of opinion that the Scottish distiller possesses any advantages of any description over the Irish distiller, which would enable the Scottish to undersell him in his own market?—I do not think that the Scottish distiller can make his Spirits, generally speaking, so low as the Irish.

984. Then how do you account for the large export of Spirits from Scotland into Ireland, which at present takes place?—I am very much at a loss to account for it; I cannot account for it; I cannot afford to send Spirits there, and sell them at the prices at which they would sell in the Irish market.

985. Since what time has that large export taken place to Ireland?—It has been going on for several years.

986. Do you know whether the Spirits sent to Ireland are chiefly Malt Spirits or mixed grain Spirits?—I heard it stated in Evidence on Saturday here, that about three-fourths of them are raw grain Spirits.

987. What is the sale price of raw grain Spirit in Scotland at present?—It is just about the same price as the common Malt Spirits, about 5s. 10d. proof, as nearly the same as possible.

988. Does it include the Duty on the portion of the Malt used?—The 3s. 4d. is the Duty on the Spirit.

989. That includes the Duty on the proportion of Malt mixed with grain, does it not?—No, the Duty is 3s. 4d. a gallon on the Spirits.

990. Besides the Duty on the Spirits, the grain distiller has to consume a portion of Malt which has already paid the Malt Duty, for which he gains no Drawback?—Yes.

991. Can you state what would be the prime cost of the grain and Malt from which those mixed grain Spirits are generally produced in Scotland?—I can state that by calculation; taking barley and Malt together, I could soon ascertain it.

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992. What proportion of Malt is generally used?—I generally use from a seventh to an eighth of Malt.

993. At what price do you take the barley or the bigg in making the calculation, the Malt being at 5*s.* 1*d.*?—The cost would be about 5*s.* 2*d.* I take the barley at 30*s.* a quarter; taking seven quarters of barley at 30*s.*, 210*s.*; one quarter of Malt at 5*s.*; those together make 265*s.*; dividing that by eight times eighteen, being 144, gives 1*s.* 10*d.* for corn, and adding the 3*s.* 4*d.* for Duty, makes 5*s.* 2*d.*

994. That is selling at 5*s.* 10*d.*?—It is.

995. Is that a price sufficient to remunerate the distiller, who distills from those materials?—It is a very bare price; he does not lose by it, but I do not think he makes any thing.

996. Do you not believe that more than 16 gallons can be obtained from a quarter of Malt?—I do.

997. In what proportion?—I have made frequently 18.

998. Is that from English barley or Scotch barley?—From good Scotch barley.

999. Did you generally use Malt of the best quality you could procure in your Malt distillery?—It depended entirely on the price.

1000. What was the average produce of the Malt you used?—I think, on the average of one year, I made 17½ gallons of Malt Spirits.

1001. Principally from Scotch Malt?—By far the greatest quantity, no doubt, but of course I buy English barley also.

1002. What quantity of Spirit may be obtained, do you think, from grain beyond the 18?—I hear of larger quantities being obtained than I can produce myself; I find I have enough to do to make 18.

1003. What quantity do you understand is produced in England?—I have heard the distillers here talk of 20 gallons; I confess I do not believe it, but I may be wrong.

1004. Do you apprehend that the Malt distiller, in the Lowlands, who sells his Spirits at so low a price as 5*s.* 10*d.*, is enabled to do it by some fraud, either in the mode in which he conducts his work or obtaining the Drawback?—I cannot state what his motive may be, nor his means; I do not think I am justified in saying that it is by fraud; I cannot do it myself.

1005. You could not do it by fair means yourself?—I could not do it by fair means myself.

1006. Is the superintendence of the Excise over the common grain distillers in Scotland very strict?—Yes; they survey very strictly generally.

1007. Are you aware how the Excise superintend the distilleries in Ireland?—No, I have no means of knowing that.

1008. You do not know whether that is more or less strict than in Scotland?—I have no reason to suppose there is any difference; I believe there is no difference.

1009. What number of Excise Officers superintend your distillery?—Four.

1010. How frequently do they visit?—They live in the inside of the work, and change every six hours, I think.

1011. There is always one or other of those officers on the premises during the whole time the distillation is carrying on?—There is.

1012. You have never had occasion to stop in the process of your distillation from the absence of the Excise Officer?—Not that I recollect of; I should think not.

1013. Do you manufacture principally for the English market?—Principally for the English market.

1014. Chiefly grain Spirit?—I have one distillery in which I make nothing but Malt Spirits, which is nearly entirely for the Scotch market.

1015. What quantity of gallons in the year do you manufacture of grain Spirit, and what quantity of gallons in the year of Malt Spirit?—I think, about 240,000 gallons of grain Spirits; and I think about 60,000 gallons of Malt Spirits, if I recollect right.

1016. When did the system of granting Drawback on account of Malt first commence?—In 1821, I think.

1017. At what period of the year?—In October.

1018. Did any great increase of consumption of legal Spirits, in Scotland,
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William Archibald.

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take place on the first introduction of that measure?—It appears not from the Return.

1019. What do you call a considerable increase?—I find, in 1822, there was a decrease of upwards of 100,000 gallons from 1821, in the Paper No. 409. In 1807, the quantity of Spirit brought to charge, by this Return, is 2,633,478 gallons; in 1808, 2,683,342. I find, in 1831, the quantity is 2,385,495 gallons; and in 1832, the quantity was only 2,225,126 gallons.

1020. What was the quantity in the year 1820?—1,863,987; if this Return is to the 5th of January 1821, the quantity of Spirits returned in 1821 must have been all drank in the year 1820, which was before any Drawback took place.

1021. A great increase in the consumption took place after the reduction of Duty to 2s. 4d.?—It did.

1022. What amount of reduction of Duty could be now granted without loss to the Revenue, if the Drawback on Malt was repealed?—If 10d. a gallon was taken off, and the Drawback repealed, Government would gain 73,000*l*. By the Parliamentary Paper 223. of this Session, it is shown, that in Scotland, for the year ending 5th January 1831, Duty was paid on 6,007,631 gallons of Spirits, of which Malt Drawback was paid on 5,649,161 gallons, at 1s. 2d. per gallon, 323,701*l*. 1s. 2d.; deduct the Spirit Duty of 10d. per gallon on the whole quantity paid Duty, 6,007,631 gallons, 350,317*l*. 19s. 2d.; leaving in favour of the Revenue 73,383*l*. 2s., if the same quantity of Malt Spirit was made; but although there was not, this leaves a large sum to come and go upon.

1023. That reduction of Duty would enable the distiller to sell Malt Spirits at the price he now does?—Nearly so, within 4d. a gallon.

1024. Would it lower in a greater proportion the Duty on corn Spirit?—It would lower it to the amount of 10d., but the proportion used in Scotland appears to be so small of corn Spirits, that it would amount to a very small sum, a reduction of 10d.

1025. Are you aware what effect such a reduction of Duty would have upon the Revenue in Ireland?—I allude only to Scotland; I believe the Irish do not claim it or require it, not receiving the Drawback.

1026. Has any alteration taken place in the distilleries of Scotland, so that they are able to manufacture grain Spirits with a less proportion of Malt than formerly?—No alteration farther than perhaps a little increase in the skill.

1027. When you speak of increase of skill, do you mean that there are any improvements whereby they are able to ferment without any proportion of Malt whatever?—Not that I am aware of.

1028. Are you not aware that there are some distilleries in Scotland in which the proportion of Malt is reduced to almost nothing at all?—I have seen official Returns of that kind.

1029. Do you believe that fermentation can go on well without any proportion whatever of Malt?—I think not.

1030. Do you mean that the only reason why Malt is used is to enable the grains to draw?—That is the principal reason, I believe.

1031. If there are various reasons, state what the reason is for employing a proportion of Malt?—I consider the principal, if not the only one, is to make the grain work well in the mash tun, to obtain the extract.

1032. In what way does the addition of Malt enable you to obtain your extract better in the mash tun?—It keeps the mixture open, and prevents its running into a mass.

1033. From any improvements you are aware of, do you think that the mashing the grain can take place successfully without the addition of from one-seventh to one-eighth part of Malt?—I am not aware of any; I should be very happy to learn.

1034. Do you know whether the general practice of the Malt distillers in the Lowlands of Scotland is to malt their barley perfectly?—I believe many of them do it very imperfectly; some do it perfectly.

1035. What is the saving which takes place upon the Malt in consequence of the imperfect degree to which the germination is carried?—I believe it is understood they obtain a larger extract.

1036. The object is to increase the quantity of Spirits?—Yes.

1037. Was

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William Ashmead.

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1037. Was the Malt from which you obtained 17½ gallons perfectly malted?
—Yes. I beg to say, I do not practise the mode of malting imperfectly; I make it nearly as fine as I can.

1038. Is there any thing to prevent a maltster working for the distilleries from stopping germination at any stage he pleases?—Nothing in the law.

1039. Can such Malt be distinguished by the eye from Malt perfectly germinated?—Not by the eye, but by the taste it may.

1040. How far has the shoot been allowed to run up the grain?—I should imagine, probably not one-third.

1041. Is not the effect of distilling from such grain very much the same as if grain had been used with a certain portion of Malt?—I consider it perfectly the same.

1042. Therefore the effect of allowing such Malt to be used in the distilleries is not to give that pure and improved Spirit which distilling from perfect Malt would give?—Precisely so.

1043. And so far the object of the Legislature in allowing the distillation from Malt at a low price has been defeated, inasmuch as the superiority of Spirit is not secured?—Just so.

1044. Is the Revenue likely to be defrauded in any way in consequence?—Not at all in that way.

1045. Would not the half-malted barley be less saleable to the brewer than if it was perfect Malt?—To the brewer I think it would.

1046. In making your calculations, you calculated the price of the barley at 30s.; has it not been rather dearer than that of late?—I have bought considerable quantities under 30s.; I have bought Riga barley, which I have been using, at 28s.

1047. Since what time?—Within this month.

1048. What is the present price?—I believe I could buy at 29s. last week foreign kiln-dried Riga barley.

1049. Will such barley germinate pretty well?—Not pretty well; it will germinate.

1050. What is the price of barley of the present crop?—It has risen very much within this fortnight.

1051. What is the present price of good malting barley?—In our own markets about 36s. a quarter; I believe in Norfolk about 40s.

1052. You are one of the largest, if not the largest distiller in Scotland?—No, my concern is pretty large.

1053. Previous to 1821 what quantity of your Spirit used to go into the home market in proportion to the present time?—The whole of it.

1054. At present do you work for the home market?—Yes.

1055. What proportion of the Spirit you make goes into the home market, and what proportion is transmitted to England?—I should think nearly one-third goes into the Scotch market now.

1056. Since 1821 you have lost two-thirds of the demand for your Spirit in the home market?—No, I have not; I did not make so much before.

1057. You have stated your calculation, by which you show a profit of only two-pence a gallon to the distiller; was that calculated on Malt at 56s. per quarter?—Yes.

1058. Was that the highest or the average price of Malt you are in the habit of using?—It was the price of Malt a fortnight ago.

1059. Has that been the average price of Malt through the season?—I should think it has very nearly.

1060. Your calculation was made as if only 16 gallons were made from the Malt, but you have shown yourself 17½?—I say it is only shown in the Excise Returns that that is made, and therefore I am justified in assuming that that is the quantity made.

1061. Might not a competition among the distillers be one cause for the low price which now exists?—I think men will not carry on business for a series of years at a loss.

1062. How long has the Spirit from Malt been selling at this very low price?—For several years it has been selling at a price which will not pay the distiller.

1063. Can you give a series of prices during the period you allude to?—Not from my memory.

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1064. Can you by writing for it obtain a monthly series of prices during the period that you allude to?—I can.

[The Witness was requested to furnish this Account.]

1065. By the Parliamentary Paper 186. of the present Session, laid before this House, it appears that in 1820 the quantity of Spirits consumed in Scotland was 1,742,044 gallons; in 1821, the quantity of Spirit appears to be 2,229,435; and in 1822, 2,079,556; that gives an increase of 412,451, as the average of the two years; do you consider that a considerable increase?—Those figures show an increase; but, I apprehend, in 1821 the Malt Drawback was not in existence; therefore the increase was not at all owing to the Malt Drawback until the October of that year, so that, in fact, the year 1822 shows a diminution from 1821.

1066. Are you aware at all what was the consumption of Spirits which took place in the same three years in Ireland?—There is a Return which I have seen.

1067. Are you aware, that upon the same average of those three years there was a decrease on those two years in Ireland of 150,942 gallons, there being an increase in Scotland?—The Paper shows a decrease in Scotland when there was a Drawback.

1068. In your work are you in the habit always of using barley and Malt, or do you use other grain?—It depends altogether on the price.

1069. Do you use oats?—Yes; when oats are dear, as they have been lately, I use very few; when they are cheap, I use more of them.

1070. Is any proportion of bigg used in the Lowlands?—Yes; I use that just now brought from Orkney.

1071. Whatever farinaceous matter is the cheapest, that you use?—Yes.

1072. What is the price of oats a quarter, as compared with barley, at present?—I believe oats are fully as cheap at present, or rather cheaper.

1073. Thirty shillings a quarter?—Good oats are about 26s. I think.

1074. What proportion of Spirits is obtained from a quarter of good oats, compared with a quarter of barley of the same quality?—I am not prepared to answer that question off-hand, for I seldom use above one-eighth of oats, and never by measurement; therefore I cannot, without some communications, enter upon that.

1075. Can you furnish that information?—I can.

[The Witness was requested to furnish this information.]

1076. You are understood to state, that you have distilled in a separate work in part from Malt only?—Yes.

1077. Does not the law require that all Malt for which the allowance can be made shall be made by maltsters specially entered for that purpose?—Yes.

1078. It is stated that Malt is frequently imported from England, and the Drawback obtained on the Spirits?—That is not consistent with my knowledge.

1079. Would not that practice be inconsistent with the regulations of the law?—I am not aware that it would; a maltster in England may enter for making it for the Drawback.

1080. Unless he entered his work specially for the Malt distillation, that would not be according to law?—No, I conceive not.

1081. Have you reason to believe that any English maltsters have entered their works for this purpose?—I have heard so.

1082. Must not Malt be measured and taken an account of at the kiln, so that any surplus quantity gauged in the several stages of operation may be charged with Duty?—Yes.

1083. So far as your information goes, is that regulation strictly complied with?—I believe it is; it is in my work.

1084. Are the Commissee to conceive that no fraud arises from any laxity in that respect?—Not as regards measurement of the Malt.

1085. Is it not required, that the Malt made in a work employed for that purpose only shall be removed to the distillery, and, when brought, be deposited under the officer's lock?—When taken from the kiln, it is removed into the store, where it is locked up by the Excise; when the maltster wishes to remove it

it from that store, he gives a notice to the Excise of the quantity he wishes to take out.

1086. Do you mean that it is moved from the kiln to the malt-house store?—Yes; then it is measured out from the malt-house store.

1087. Is it measured into the malt-house store?—Yes, and it is measured out again.

1088. From the malt-house store to what place is it taken?—It is sent to the distiller.

1089. It is sent at once?—It may be sent at once.

1090. If not sent at once, what will become of it?—It will lie till taken out; the distillery may be hundreds of miles from the store, and it may be many days or many weeks on the journey. I bring Malt from the Orkneys sometimes. Malt made in Orkney is brought, of course, by sea.

1091. In that case there is no Excise custody during the journey?—None in the world.

1092. Suppose any man is desirous of abstracting a part of the Malt and substituting a portion of grain, could that be done in the journey?—With the greatest possible ease.

1093. Does any permit accompany it?—A certificate accompanies it.

1094. Is not the maltster prohibited from sending the Malt in a ground state; must it not be in an unground state?—Yes; he has no means of grinding it.

1095. What takes place on the arrival of the Malt brought from a distance to your premises?—There is a notice given to the Excise Officer; I forget how many hours previous to receiving it; the officer attends, and if he chooses he looks at it, and it is put into the distillery store, and removed from that into the mill to be ground.

1096. In your practice have you known it to be invariably examined with a view to ascertain its quality, and measured with a view to ascertain its quantity?—I dare say it is; not attending to those details myself, I cannot say.

1097. Is not your distillery so large that you are not in the habit of attending to those details?—I am not; but I believe the practice has been when they receive five or six hundred bushels at a time, they take here and there a bushel and measure it, as a check upon the others. I am not aware that they measure the whole; I do not believe that is done.

1098. Would it not be necessary, to prevent any fraud, that the whole should be measured?—Undoubtedly.

1099. Are such persons as are employed as Excise Officers sufficient judges of Malt to know whether there was raw grain mixed with it?—I do not think any persons are able to judge of it. In bringing Malt and kiln-dried bere from Orkney in the same vessel, they can be mixed, and it would be quite impossible for any person to discover whether there was a mixture of barley and Malt, or only imperfectly made Malt.

1100. What grain do you understand to be called bere or bigg; are they the same grain?—Yes.

1101. Is it not a bearded barley, growing with four rows?—Yes.

1102. Do you know any barley that is known by the name of either bere or bigg which is flat-sided, and has two rows like the common barley?—I do not know it.

1103. There is no grain of that description in Scotland which obtains the privilege of being malted at a lower rate of Duty?—I do not know any thing of it.

1104. Is there not a regulation by which all the distillers of Malt are prohibited from having raw grain of any kind on their premises?—I believe not; they cannot have it ground or bruised.

1105. Is the regulation strictly complied with, that all Malt on which the Drawback is claimed shall be ground on the distiller's premises?—I believe not; it must be in the distillery, or adjacent; in many cases, the distilleries are so small, that they could not have a mill or rollers to grind it; therefore it is sent to an adjacent place to be ground.

1106. Can you explain to the Committee what reasons exist, which in your opinion enable a Scotch distiller distilling from Malt to take advantage of the circumstances in which they are placed, in the way which the Irish distillers are unable to do?—I am not aware of any; I suppose the Irish distillers may

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take advantage of every opportunity of either making cheap Spirits one way or the other, the same as the Scotch.

1107. Or the substituting raw grain for Malt?—I should think there is nothing peculiar to Ireland to prevent them, if they chose.

1108. What effect would be produced to the small distillers in the Highlands by the repeal of the Malt Drawback?—I am not aware of any effect; none in the least.

1109. Do you think that would tend to put an end to their trade?—I think not at all; that it is merely an effect of Duty; it would raise the price of Malt Spirits in the Lowlands. I think, in a much greater degree than in the Highlands; for I do not think, at present, the Highland distiller derives any advantage from the introduction of raw grain with Malt, whereas I think the Lowland distiller does.

1110. Supposing there is no Drawback, what would be the difference of price of a gallon of Spirits in the Highlands and the Lowlands?—I think the price of a gallon of Malt Spirits would be increased 1s. 2d., while the price of raw grain Spirit ought to remain the same as it is now.

1111. If the price of Malt Spirits would be increased 1s. 2d. per gallon, do you believe that illicit distillation would revive?—I am not quite competent to answer that; indeed that is more matter of opinion; I think that the smuggler can only come into competition with the legal distiller at a certain price.

1112. At what price does your experience enable you to judge that he would come into competition with him?—I think when the price of grain is low, he cannot come into competition below 9s. the imperial gallon for proof Spirits.

1113. Is not the selling price of Malt Spirits now under that?—It is 8s. 6d. eleven over proof; 7s. 8d. at proof for Highland Spirits.

1114. Would a reduction of the Duty on raw grain Spirits, if the Malt distiller was always left to pay the original Duty on all Spirits distilled from Malt, enable a legal distiller either of grain or of Malt to undersell the illicit distiller in the Highlands?—He would of course sell his raw grain Spirits at a less price than the Malt distiller could sell his Malt Spirits.

1115. Is not the taste of Malt Spirits in the Highlands such, that the difference of quality would more than compensate for the difference of price?—Yes, I think so.

1116. That at Aberdeen, for instance, people would drink Malt Spirits only?—Yes; I am not aware that raw grain Spirits go into the Highlands now.

1117. You think that if it could be obtained at 8s. 6d., the illicit distillation would be kept down?—Yes.

1118. Then in the Lowlands the raw grain Spirits being altogether lower than the Malt Spirits in the Highlands, that would do away with the unfairness which exists from the present Drawback?—Yes, exactly so.

1119. What is the amount of reduction you propose in the Duty on raw grain Spirits?—Ten-pence a gallon.

1120. Is there any thing in the regulations of the Act of 1823 which has had a tendency to improve the quality of raw grain Spirits?—Undoubtedly, the permission to distil from wort of a lower gravity, I conceive, has had a great effect.

1121. They were permitted to separate the first and last runnings on the first distillation; do you conceive that has had an effect?—I am not aware that it has.

1122. Is not the quality of Spirits considerably improved?—Yes.

1123. And by that means the necessity for the Malt Drawback is diminished?—Yes.

1124. Have you ever seen malted oats?—Merely in the fields in bad weather sometimes; I have never seen them malted.

1125. Suppose that in the Highlands of Scotland, or in the mountainous part of Scotland, a distillery was established, to be regulated in this way, that it should be entered for the purpose of distilling from malted oats only; that attached to the work, if the person liked it, he should have a malt-house for malting oats only; that he should be prohibited from introducing into it here, barley, or any other kind of grain, and should be charged with no Duty on the Malt, but the same Duty on the Spirit as that chargeable on other Spirit; what would be the effect of that?—I cannot pretend to answer that off-hand.

1126. If

1126. If oats are mixed with other grain, can they be easily distinguished by any person who examines them?—Easily, if unground.

1127. Can they be easily distinguished, if ground?—No, I think not; the hull may be taken off.

1128. Would not the sweetness detect it?—No, I think not; it depends on the proportion. At the first introduction of the Malt Drawback, I was then of opinion, as I am now, that fraud could not be prevented; and I brought into the Committee-room samples of ground barley and ground Malt, and the sample when looked at in the entire state of Malt, and the entire state of barley, could be distinguished, the one to be barley, the other to be Malt; but when mixed to the presence of the Excise Officer, about half-and-half, and brought in again, they could not distinguish that mixed half-and-half from that entirely Malt.

1129. Was that ground by a stone or by a roller?—I believe a stone.

1130. Have you ever known any brewery from malted oats?—No.

1131. Supposing oats were malted without payment of Duty in works such as those described, do you think it probable that fraud would be committed by abstracting the oats and substituting it for malted barley; would it be worth while to mix it with raw grain?—I think it might be worth while; but all these are matters of price.

1132. If you were not to allow Drawback on Malt for distillation, but were to diminish the Duty on all Spirits, would not the 1s. 2d. a gallon bear a greater per centage to the whole amount of Spirits, and would that not be a great temptation to the Malt distillers to evade the Duty?—I do not understand the question.

1133. If the Duty of 3s. 4d. remains, the 1s. 2d. remaining the same, the ratio of the 1s. 2d. to the Duty on Spirits will be increased, and the temptation to evade the Duty will become greater?—In the proportion 1s. 2d. bears to 10d. If the reduction is not equal to the Malt Duty, of course it would be an advantage to evade the Malt Duty.

1134. The temptation to distil illicitly from Malt would become the greater as you reduced the Duty on Spirits, particularly provided the Drawback on Malt Spirits be not removed?—I do not just see that, for the distiller would have nothing to do with the Malt Duty; that must be paid at all events; and the lower the Spirit Duty, the less profit there would be on smuggling the Spirits, the Malt Duty being in the first instance paid.

1135. Would not the adding the Malt Duty, make an increase of Duty on every quarter of Malt, equal to 18s. 6d.?—Sixteen one shilling and two-pences are 18s. 6d.

1136. Do you think to a Highland distiller it would be an inducement to commence illicit traffic, if he insured a profit of 18s. 6d. for that barley, more than he could sell it for at the market?—That would be a large profit, but I cannot say whether it would be sufficient to induce him.

1137. Was there not much illicit malting, as well as distilling, before the alteration in the law took place?—I dare say there was, but in a very small way.

1138. If at the same time you lower the Duty on Spirits and do not allow the Drawback on Malt, does not the temptation to evade the Malt Duty, as well as the Spirit Duty, on Spirits distilled from Malt, increase?—Certainly the temptation increases.

1139. And that in a greater ratio than it exists at present?—I am not aware as to the ratio.

1140. If a distiller were to go on working now, receiving only 2d. profit on a gallon of Spirits, do you not conceive that you would prevent a great temptation if you raise that 2d. to 1s. 4d.?—I have not said he gets 2d. profit; I say he has a great loss; there is but 2d. a gallon for all the expense of manufacture, independent of Duty.

1141. Do you not conceive it would be a great temptation to the distiller, if the fair trader had an extra charge of 18s. 6d. on every quarter of Malt he worked from; would it not be a great temptation to the legal distiller, who is at present supposed to be free from that accusation, if he could purchase this Malt from the farmer?—Wherever a man can purchase any thing cheaper, if the first cost of it is only 30s. and he can gain 18s. 6d. upon it, it is a great temptation. I agree in the statement, but not in the inference drawn from it; I admit the temptation, but not that it can be done.

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1142. Why not?—Because the making process is a tedious process; Malt is a very bulky article; it requires a considerable time to be steeped; and to go through the process of making into Malt, it requires water, it requires floors to grow it upon, and a kiln to dry it upon; and there are many opportunities of detecting the evasion of the Duty. It is done, I have no doubt, but to a very small extent; so small that no distiller, but in the smallest degree, would, I think, act upon it.

1143. Do you know whether Malt distillers have been selling Malt to raw grain distillers?—I have heard of one instance, certainly; a distiller, who purchased the Malt, told me he had made a purchase from a distiller who made Malt for Malt distillation.

1144. Was there any thing illegal in that?—It was carried away illegally.

1145. Is there any thing illegal in the sale?—Yes, a Malt distiller is not allowed to sell Malt.

1146. To what extent was this?—I do not know exactly the quantity; it was a considerable quantity; probably some hundred quarters.

1147. Do you know whether the price he sold it at was below what a raw grain distiller could have produced that for?—The purchaser told me it was below what he could make it for.

1148. What was your conclusion from that?—The Malt distiller said, that he had smuggled the Malt away; he did not deny it, and that he had gained by the sale of this Malt about 4 d. a gallon upon his Spirits.

1149. He used raw grain, of course, to make up for the deficiency?—I apprehend so.

1150. Do not you think that sale must have been through the gross negligence of the Excise Officer?—No; it is impossible for the Excise Officer to prevent it. Malt is taken many hundreds of miles from one market to another; it is sold as merchandize by one to another, and the Excise are not following it always; it may be taken into a granary and mixed with raw grain.

1151. You stated that it was illegal in the Malt distiller to have sold that Malt?—Yes.

1152. Ought not the Excise Officer to have prevented that sale?—If Malt is going from a malt-house to a distillery, the Excise Officer does not accompany it; it may be carried away somewhere else, and raw grain substituted in its place, which may be carried to the distillery.

1153. How came this distiller to communicate this to you, seeing he exposed himself?—It was the purchaser who communicated it to me.

1154. Is there any thing illegal in his purchasing?—I believe not.

1155. You stated, that from the kiln the Malt is taken into a Malt store; do you think fraud is liable to be committed in that store by the removal of the ceiling from above, and letting down raw grain?—That may be done, I should think, but I am not aware of it; it may be done, I conceive, if a man chooses to run the risk.

1156. If they were universally lathed and plastered, that fraud could not take place?—Not through lath and plaster, but it might through the door.

1157. Do not you think it would be the means of preventing fraud in the case of distillers distilling from Malt making the Malt for themselves, that part of their premises should be entered for malting, and part of their premises for distilling, by which means the Malt might be continually under the surveillance of the Excise Officers, and that regulations of that kind might be made so as to prevent fraud?—Regulations of that kind might be made so as to prevent fraud, if those regulations were perfectly followed up; but in the course of my experience, I have found that the more numerous the regulations, the less they are attended to.

1158. You are aware that in malted barley there are very often what are called flints, which are not perfectly malted?—Yes, there are.

1159. You say you could on the kiln remove a portion of the Malt, and substitute raw grain?—Just so.

1160. Are you aware whether a person could distinguish between the raw grain which had been placed there, and what are called the flints; I do not think he could.

1161. What proportion do you think he could substitute—a half?—Probably not a half; that would raise suspicions; but I do not think those suspicions

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cions would lead to conviction. Officers have frequently suspicions, but they cannot convict on suspicion.

1162. In the early periods of distillation in this country, was it not the case that nothing was used in distillation but Malt?—I should think not.

1163. Can you doubt what would be the effect of establishing that regulation with respect to the distillers?—I am not aware of any good purpose it could serve, either as it regarded the Revenue or the distiller, or the morals or health of the public.

1164. Would it be possible to carry it into effect?—I think that a distiller might evade it, as I say he now does, with respect to the Malt Drawback; he might introduce raw grain.

1165. If sprouted grain was used, could that be distinguished from Malt?—Not at all; in the year 1821, when there was so much barley injured in England by sprouting, the distiller could work that year almost without Malt.

1166. Is not such a regulation avowedly introduced with reference to brewers?—I believe it is.

1167. What would make it more difficult to enforce it with distillers than with brewers?—The brewer of porter or ale does not feel it his interest to use raw grain; in the ale brewery the beer would not keep; I have no doubt raw grain will be used in the beer drunk from the tap; I make my own beer, and I use half Malt and half barley in the making of it; it will keep several weeks.

1168. You infer that a great deal of barley will be used in private brewing?—Yes, and public brewing also, for immediate consumption.

1169. At what period of the process do you suspect those frauds are committed, which are alleged, of substituting raw grain?—I dare say in all the different processes, from the time it is ready to take off the kiln till it is used in the distillery.

1170. When it is taken from the kiln it is taken in the presence of officers?—Yes.

1171. It could not be changed then?—It may be changed before it is removed.

1172. Could not the officer perceive the difference if they were mixed?—I think not.

1173. You think that, supposing the Malt placed in the kiln, and raw grain mixed with it, when the officer comes to place it into store, though he saw and inspected it, he could not find out if the raw grain was mixed?—He might suspect it, but could not convict upon it.

1174. You think there are three stages in which Malt may be abstracted and barley substituted; the first before it goes to the kiln?—No, not before it is made Malt.

1175. It is after it has passed the kiln that Malt may be abstracted, and the barley substituted before it goes into store?—Either before being put in, or after it is taken out.

1176. While it is in transit, barley may be substituted for the Malt at the moment of its going into the distiller's mill?—I have heard of one instance in Ireland where it was mixed in the store.

1177. What advantage would arise from that, inasmuch as the distiller would only be allowed the Drawback upon the Malt, which he can be proved to have received in store?—The Malt he takes out is as valuable having paid no Duty as if it had paid Duty; he may sell it either to the brewer or use it in a raw grain distillery; he had abstracted an equal quantity of Malt before he had put in raw grain.

1178. You stated that Malt is so bulky an article it would be difficult to make it illicitly in the Low Country?—It would be difficult to any great extent; it is not easy to smuggle the Malt.

1179. Would it be difficult, there being four officers on the distillery, to smuggle it away?—I think it is very difficult to smuggle the Malt; that the Malt under the supervision of the Excise is all charged with Duty; it is after it is made that it is taken away and raw grain substituted in its place.

1180. How can it be easy to withdraw it from the distillery?—There is nothing to prevent Malt being conveyed from one place to another; the moment it is out of the maltster's premises it is free to the whole world; no Excise Officer has a right to say where does this Malt come from.

1181. How could he get it into the premises without being seen?—It is not

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in the distiller's premises; it is in the maltster's premises; though a maltster and distiller is one and the same person, he is legally a distiller in the one place, and a maltster in the other.

1182. Are not the malting-houses and distilleries generally attached?—Not of necessity, and not generally.

1183. Would it not be a complete check upon that process of fraud, if the officer was bound to attend the transit of Malt from a distance to the place where it is to be used?—If you can imagine that an officer is to be put on board with every cargo, or to attend it when carted 50 or 100 miles.

1184. Do you not conceive that would be attended with very great expense and trouble?—Yes, I think it could not be done.

1185. Suppose the owner of the warehouse in which it is locked up is disposed to commit a fraud; is it difficult to have a duplicate key?—I have no doubt that false seals and false keys are practicable.

1186. Have you heard that such things are practised?—I have no knowledge of such myself.

1187. Have you heard of large quantities of Malt so abstracted being sent into the north of England?—No; I have not.

1188. Do you not think it would obviate in a great measure those difficulties if it was made necessary to have a permit to convey Malt from one place to another?—I will state what took place when that was the law, about two or three years ago; there was a conviction in the neighbourhood of Edinburgh, wherein a cargo of Malt was sent away accompanied by permit; I think 500 quarters; the Malt was sent to a brewer, and the permit was sent to a distiller, who, by means of this permit, took in raw grain, and received the Drawback as on Malt.

1189. This is only an example of such process?—I have no doubt of many.

1190. Are the large distillers in the habit of having malt-houses at a distance of twenty miles from their distillery?—I know of some who have ten; they may be twenty; there is nothing in the law to prevent it.

1191. How far is your malt-house from your own distillery?—Mine is not above a quarter of a mile; Mr. Archibald Dunlop has his distillery about a mile from Haddington, and he has a malting at Dunbar, eleven miles off; there is nothing in the law to prevent it.

1192. Is Malt selling at a very low price in Scotland now?—I think about 56s. for ordinary Malt; good Malt is selling considerably higher.

1193. Can you trace that these practices have at all affected the price of Malt in the market?—Not that I am aware of.

1194. Should you not expect that if they were in practice to any extent, the price of Malt would be depressed in consequence?—That permit system is not now in force.

1195. If Malt can be abstracted, and grain substituted to any extent, would that enable a maltster, who enters in order to Malt for Malt distilleries, to sell his smuggled Malt at a much lower price?—And in point of fact he does.

1196. You have not been able to trace such smuggled Malt as having any effect on the price of Malt in the Scotch market?—I have not been able to do it, for I did not take any trouble to do it; but the purchaser of the Malt I referred to said he bought it 5s. a quarter cheaper than he could make it.

1197. Can you imagine any interest a distiller would have in using bad Malt instead of good, in his work?—Only by obtaining it at a much less proportionate price.

1198. If in the Lowlands of Scotland a Revenue Officer was to perceive that uniformly the Malt in the Malt distiller's premises was much inferior to that used in breweries, and in the regular raw grain distilleries, would not that lead to a suspicion that it was not all Malt, but mixed grain?—Undoubtedly it might lead to a suspicion.

1199. You stated that 5s. 10d. was the price of proof Malt Spirit in the Edinburgh market; is that good Malt Spirit, or is it made from Malt mixed with grain?—I do not know; it is Malt Spirit which has obtained the Drawback.

1200. To what do you attribute the great additional price obtained for the Highland whiskey?—I presume from its being made entirely of Malt of a better quality.

1201. Ought not the Malt Spirit which comes from your distillery to fetch

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as great a price, or within a fraction as great a price, as that Highland Spirit?—The public do not seem inclined to give it.

1202. Could you tell the difference of Spirit made entirely from Malt?—No; I really do not think I could tell whether the Spirit was made entirely from Malt, or only from half Malt.

1203. You can distinguish it from that ordinarily called raw grain Spirits?—Yes, certainly, if made with about one-eighth of Malt, I think I could.

1204. Do you believe that the regulations respecting Drawback on bere when malted give rise to any fraud?—I have no doubt they give a greater opportunity to fraud in this respect; in Aberdeenshire, for instance, the bere is better than the barley. I saw bere from Aberdeenshire last year, and bought some myself that weighed 52 lbs. a bushel; it is better than the common average run of barley that is malted; that bere could be malted at 2s. a bushel of Duty, and it would yield as much Spirit as the average Malt made from barley would do.

1205. Are you speaking of an unusual quality of bere, or is it generally speaking so good?—There is such a variety of bere, it is almost impossible to speak of it. I buy a great deal of bere from Orkney, which weighs only from 43 lbs. to 44 lbs. a bushel, while other is weighing 52 lbs. a bushel.

1206. That is equal to the weight of the best barley?—Yes, and it may be malted at a lower Duty, and that affords a greater inducement to smuggling.

1207. Is there not as great a variety of barley in Scotland as of bere?—There is, though very inferior barley is not malted.

1208. Is very inferior bere malted?—Yes, it is; they make a great deal of Malt from bere in Orkney.

1209. What proportion of the bere grown in Aberdeenshire may be of this description?—I have no means of knowing.

1210. To what extent, in your opinion, can a distiller introduce raw grain into his Malt Spirit, without detection from the palate?—I should imagine he might introduce nearly half, or fully half.

1211. And still pass it off as Malt Spirit?—And still pass it off as Malt Spirit.

1212. The practice of imperfectly making and distilling grain must very much facilitate the concealment of any addition of barley, must it not?—Yes.

1213. What sum do you suppose is gained by the imperfect making of such grain, independent of the increased quantity of Spirit obtained?—I should think a mere trifle.

1214. It is merely the saving of a few days?—Yes, that is all.

1215. In the calculations you have produced, showing that Government will derive an increase of 73,000*l.*, you calculate that the same quantity of Malt Spirits is to be made as is made now?—Yes.

1216. Do you think that the same quantity will be made?—No.

1217. Then they will not derive an increase of 73,000*l.*?—No; but I conceive if they do not lose any thing, that is all that Government can require. I do not know that there would be less Malt Spirits made, but there would be less sold as Malt Spirits.

1218. Would not such a change be more in favour of the great Lowland distiller, than the small Highland distiller?—No, I think the change would be less in their favour, because if the Lowland distiller does not pay the Malt Duty now, he would derive no advantage from that substitution of raw grain which I suppose takes place; in point of Drawback, he would pay the whole ten-pence, while now I suppose he is paying only the seven-pence.

1219. Do you think that the difference between Highland and Lowland Spirits, in the proportion of 7*s.* 8*d.* to 5*s.* 10*d.*, is only a fair proportion, considering the difference of quality?—It bears that in the market; that is the criterion I go by.

1220. Is the Malt Spirit obtained from the Highlands very much better than that of the Lowlands?—I think it is better.

1221. Do they malt their grain completely in the Highlands?—I do not know that; I am not practically acquainted with that.

1222. Do they use smaller stills?—Many do not; I think I work as small a still as many do; it is about six hundred gallons.

1223. What price do you actually obtain from your own Malt Spirits?—I have a pretty considerable country trade, and I get a greater price selling in small quantities; in a wholesale way, I am obliged to take the market price.

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1224. Can you name the money price?—I can tell what price I generally get; at the present moment I am getting 6s. 2d. and 6s. 4d. the proof gallon.

1225. If you had not the means of disposing of your Malt Spirit to these persons, but were obliged to go into the open market, could you continue in the Malt distillery?—I would not; and in point of fact it is my intention to give it up, even with that inducement.

1226. You consider the existing regulations, and all regulations which can be made as long as the Drawback remains, as imperative against the prevention of fraud?—That is my opinion; it is my interest as much as of any Malt distiller in Scotland, that the Malt Drawback should be continued, if there is no fraud under it; but I can devise no means of checking it; and it is my desire therefore that it should not continue.

1227. Did Mr. Herdson visit your distillery?—I am not aware that he did.

1228. As you consider the Drawback system subject to frauds, do not you conceive it is injurious to the fair trader?—I do; I have brought with me some of the officers' charges upon my distillery, only to show the quantity of surplus Duty I was charged with on each period above the two gallons; in the course of eleven days, I paid 100l. 2s. 1d. as surplus Duty, called deficient Malt Duty.

1229. Can you state in Spirit what that amounted to?—It was in making 10,462 gallons, I was charged with 102l. 2s. 1d. surplus Duty.

1230. You had to pay the full Malt Duty upon that surplus?—Yes; and from the 15th of February to the 26th, that is, eleven days, in making 14,492 gallons, I was charged with 116l. 7s. 7d.; and from the 26th of February to the 6th of March, in making 8,837 gallons, I was charged with a surplus Duty of 95l. 7s. 10d.

1231. That was for the quantity of Spirit you had above the sixteen gallons?—Yes, I pay this; and while I see other distillers, using the same quality of Malt, not showing a furthing of surplus Duty, I am led to conclude something is not right; there is nearly a hundred pounds every eight days; a very handsome profit.

1232. Would not any evasion lead to a smuggling of the Spirit?—Either to the smuggling the Spirit, or smuggling the Malt; either a quantity of Malt is abstracted, or a quantity of Spirits are carried away; either the one or the other.

1233. What alteration, in your opinion, would correct the scale; what increase of charge?—It was proposed to me at one time by a distiller to make eighteen instead of sixteen. I said I saw not the least advantage in that, because in the Highlands, where the barley is not very good, they could make only sixteen; that would be a hardship upon them; while the other distillers could show two or three or four-and-twenty gallons just as easily as eighteen, if it suited their purpose.

1234. Is there any remedy, except a very strict survey?—There is no survey can be strict enough to prevent it.

1235. What remedy would you recommend to prevent it?—The repeal of the Drawback.

1236. Suppose you distilled an excess from raw grain?—There is no excess from raw grain; we are entitled only to an allowance of sixteen gallons from the quarter of Malt; if I make eighteen gallons from the quarter, I have no allowance on the additional two gallons.

1237. How would the repeal of the Drawback remedy this grievance?—If there was no Drawback, there would be no quantity required to be made.

1238. Is there any check upon the distiller as to the quantity of Malt he uses except the declaration he makes?—There is no other check but the certificate; the officer is required to see it measured; but no officer can see fifteen hundred bushels used in a day measured over; it is impossible he can see it measured; he must take a great deal for granted.

1239. Does the law require that he should see it measured into the mash tun?—I forget.

1240. Do not you claim the Drawback upon that excess?—No, I am not entitled to it.

1241. That excess arises from the production of a greater quantity, and you are not entitled to any Drawback upon it?—No, I am not.

1242. Is

1242. Is it not supposed that Malt yields less than raw grain?—It is supposed; but I do not think it yields so much less as is given out.

1243. Do you think it yields a twelfth less?—No, I do not.

1244. If it yields less, would not the mixing one half raw grain and one half Malt expose the trader to be charged with the excess of Spirit you complain of?—Yes, if the trader did not reckon on increasing his raw grain so as to keep within the two gallons from the bushel. With respect to the increase on which I have no allowance, it is in this way: we declare to use a hundred bushels of Malt; if we produce two hundred gallons of Spirits, we receive the Drawback on the whole two hundred; if we produce two hundred and fifty, we receive no Drawback on the additional fifty.

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William Acton.

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Martin, 20th die Septembris 1831.

Sir Francis Hastings Doyle, called in; and Examined.

1245. YOU are Deputy Chairman of the Board of Excise?—I am.

1246. Are you aware of the objections that have been made to the granting the Malt Drawback on the Malt Spirits made in Scotland, and have you seen the documents which have passed between the Board of Excise, on the one side, and gentlemen connected with the Irish distillery on the other?—I have seen a paper which has been in circulation, which I apprehend proceeds from the Irish distillers, and which contains several statements upon the subject of the Malt Drawback; it has not been communicated officially to the Board; but I have seen it, and I have read it.

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1247. Are there any observations you would wish to make upon that paper?—I shall be happy to answer any question which may be put to me upon the subject of it; I have examined some of the Accounts in it, and I do not concur in the results that are brought out upon the face of those Accounts.

1248. What is your belief as to the existence of frauds in Scotland, by abstracting Malt and substituting grain in its stead?—I apprehend that no subject of Excise Duty can be considered as altogether free from the chance of fraud; but I believe the Malt Drawback to be as well secured against fraud as any other of the Drawbacks on the Duties of Excise.

1249. Have any reports upon the subject of frauds of this kind reached the Excise Office?—Recently a report was made to the Board from some of our officers in Scotland, with details of a fraud which was attempted, and partly, I presume, effected there.

1250. Will you describe the nature of that fraud?—I will beg to make a preliminary observation, that the fraud in question was considered by the Board of Excise as one deserving of prosecution, and that proceedings have in consequence been instituted against the parties.

1251. Without stating the name of the party, will you describe the nature of the fraud?—The nature of the fraud in general was this: a supervisor had some reason to think that practices were going on at the distillery in question which were not correct, and he was induced to visit the place where the grain was grinding at a particular time, and I think he found some raw grain in a situation which induced him to think that it had been or was about to be ground up with the Malt; and on examination of the hopper, to the best of my recollection, he found some of the raw grain there, which satisfied him that they had been attempting to commit that fraud. I have not the Papers, as they were all transmitted to the solicitor in Scotland for the purpose of assisting him in the prosecution; therefore I speak only from my general recollection.

1252. You are not able to state to what length this fraud had gone?—No.

1253. Do you know whether an examination was made of the store, to ascertain whether Malt had been abstracted, and barley substituted in its place?—I am not able to say whether a particular examination of the store had taken place, because I have not been able to refer to the Papers, as they were sent to Scotland.

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1254. Is

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1254. Is this allegation contained in a Report made by the Board of Excise to the Treasury correct, when they state that the law requires also that all Malt, upon which the Drawback is to be claimed, shall be ground on the distiller's premises?—On the distiller's premises, is not, I should say, quite correct, in the limited sense which may be given to that term. The law requires that it must be taken to a mill which must be on the distillery, or to one belonging to the distiller adjacent to the premises, and must there be ground.

1255. Is this allegation correct; it is stated that, as a collateral security, distillers from Malt are prohibited from having any raw grain on their premises; is that the fact?—They are prohibited from having any raw grain in a bruised or ground state on the premises.

1256. Does not the permission to have grain in an unground or unbruised state afford great facility to the commission of fraud, by substituting grain in the place of the Malt?—Unquestionably it affords some facility. At the same time, from the other regulations, I think that the hazard of doing so in that state would be greater than a distiller ordinarily would be disposed to incur.

1257. What securities are required in the transfer of the Malt from the malt-house to the distiller's store?—The Malt is transmitted with a permit; the permit is granted by the officer in the malt-house where the Malt is made; he examines that Malt before it proceeds from the malt-house, and it is examined again after its arrival at the distillery by the officer in charge of the distillery; and it is then locked up after such examination, and delivered out afterwards to the distiller, when he requires it, for the purpose of being ground and worked into Spirits.

1258. How strict is the examination which the Excise Officer makes of the Malt before it quits the maltster, and after it arrives at the premises of the distiller?—That of course will depend upon the vigilance and sagacity of the officer; he looks at it, and his object is to discover whether it be Malt entirely, or whether there be any admixture of grain with it. Some officers, of course, will be more attentive to that part of their duty than others, but I apprehend it is substantially examined by the officer in those situations.

1259. Are you aware whether it is the practice of maltsters, who malt for distilleries, to malt their grain very imperfectly, and therefore that it may be extremely difficult to distinguish such imperfect Malt from barley which has passed through the kiln?—I am not aware of that being the general practice; perhaps it arises out of the fact, that, I presume, Malt in that state will produce somewhat more Spirits; the fact has not come before me, so that I can pronounce an opinion upon it.

1260. Are you aware, that if the grain has been imperfectly or badly harvested, and does not germinate well, it may be extremely difficult to distinguish whether that grain has or has not been mixed with Malt?—I should apprehend that where grain has been partly perhaps germinated by the effect of damp in harvesting, it may put on an appearance that may give it more the resemblance of Malt, than if it were well harvested and good solid grain.

1261. Are you not aware, that if the grain does not germinate it remains hard, and soon becomes nothing more than barley that has been steeped, and that it may be extremely difficult to distinguish whether ungerminated grain has been really the result of imperfect germination or of intentional mixture?—Some difficulty of that kind unquestionably may arise out of a comparison between grain and Malt in that particular state.

1262. Has the examination of the large amount of the Drawback which has been paid upon Malt used in the distilleries in Scotland, led the Excise Office to suspect that frauds may be practised, by withdrawing Malt and substituting barley in its stead?—The amount of Drawback is certainly very considerable, and the attention of the Board from time to time has been directed to that object; but we have had no reason to suspect that frauds to any extent have been practised, in procuring a greater amount of Drawback than the use of the Malt in that manufacture would entitle the parties to receive.

1263. Are you aware of any greater facilities being given to frauds of this kind in Scotland, than under the existing law are given to the practice of a similar fraud in Ireland?—I am not aware of any such difference; the law in both countries is precisely the same; the distilleries in Scotland, I apprehend, are surveyed fully as well as the distilleries in Ireland, and I am not aware of any greater facility that exists there than in Ireland for the commission of fraud of any

any kind. It is very true that in Ireland, although the law is the same, the distillers do not appear to have availed themselves of that law to any extent; they scarcely make any Malt whiskey at all, whereas in Scotland a very large quantity of Malt Spirit is made.

1264. What is the whole amount of Duty paid on Malt since the commencement of the Drawback system; and secondly, what is the amount of the Duty paid back out of that on account of the Malt Drawback?—From 10th October 1823, when the present Drawback came into operation, to the 5th July 1831, the amount of the Duty charged on Malt was 2,260,712*l*.; the amount of Drawback paid in the same period was 2,018,444*l*.

1265. Will you state the same particulars in reference to Ireland?—The amount of Malt Duty charged in Ireland, from 10th October 1823 to the 5th July 1831, was 2,220,557*l*.; the Drawback paid in the same period was 43,198*l*.

1266. Are the officers who are employed in superintending the collection of the Malt Revenue in Ireland liable to be transferred to Scotland, and, conversely, are those who superintend in Scotland liable to be transferred to Ireland?—Yes, they are.

1267. Then the same officers who collect the Revenue in Scotland are perfectly aware of the system pursued in Ireland; and you do not apprehend that there is much difference, in point of strictness and rigour, as to the manner in which the collection of the Malt Revenue is superintended?—No, there is no difference, I apprehend, in that respect; there is that difference which arises out of the individual character of the officer, which will apply to England, Scotland, and Ireland; but I conceive the Revenue is fully as well watched and superintended in Scotland as in Ireland; that is my belief.

1268. Has not the very small balance that appears to remain out of the Malt Duty, after deducting therefrom the Malt Drawback, excited the suspicion of the Excise, that there may be fraud with regard to the Malt Revenue in Scotland?—That result, as shown upon the Paper referred to, arises in some measure from the manner in which the Accounts have been made out, and those Accounts, as far as this question is concerned, in the form in which they have been sent in, are erroneous, so far as respects the conclusion drawn from them on this Paper. In those Accounts, I should state, the calculation of the amount of Malt used in the distilleries, and which is made out by computation, does not show correctly the quantity of Malt actually used. It has been made out upon an assumed quantity of Malt made use of by grain distillers, in the production of a given quantity of Spirits, viz. that for every ten gallons of Spirits produced in the grain distilleries, one bushel of Malt has been made use of. The Accounts in this form were originally ordered by the House of Commons. The order to the Board of Excise was, that we should furnish an Account of the quantity of Malt used in the distilleries, computing one bushel of Malt for every ten gallons of Spirits; on that computation therefore, if a smaller quantity of Malt be used in the manufacture of ten gallons of Spirits than after the rate of one bushel for every ten gallons, it must necessarily follow that such Accounts will not show the quantity of Malt actually used, and in that respect they must lead to erroneous conclusions.

1269. The document in page 21 does not state that the Account is made up on any such assumption?—A series of Accounts were first ordered by the House of Commons to be rendered upon that assumption, and our Accountant General in Scotland continued afterwards to make them up upon that principle.

1270. If the actual amount had been made up, showing what the Malt Duty received was, and what the Drawback actually paid was, would it have shown a greater or a less balance than the sum of 38,083*l*.?—Certainly a much greater balance of Malt would remain; I speak in the presence of distillers; I apprehend, in the manufacture of grain Spirits, upon the average, that if you reckon a bushel of Malt for every twenty gallons of Spirits, it will rather exceed than fall short of the proportion. It is quite clear therefore, if this be so, that if the quantity of Malt used in the grain distilleries has been calculated after the proportion of one bushel for every ten gallons of Spirits, that such an Account will not be correct, and no conclusion on this question can be fairly drawn from it.

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1271. Is not an account kept of the exact quantity of Malt used by the grain distillers?—The grain distillers in Ireland and Scotland are required to enter such an account, but it is entirely a discretionary account; there is no penalty attaching to a distiller for not giving that account correctly. He enters in his notice paper the quantities of Malt intended to be used, but we have no means of ascertaining whether that is the true quantity used or not. It may happen that distillers do not choose to disclose to the world the manner in which they are working; we do not place a full reliance upon that document; but it would no doubt be much more correct than the computation Account to which I adverted.

1272. Does the Act of the 4th Geo. IV. require that no Malt shall be conveyed to the mashing tun of the distiller without a permit?—I think that is not now the law; the law requiring mashing tun permits in the distillation from grain was considered to be repealed some years ago. I apprehend that the clause referred to is repealed by 6th Geo. IV. c. 58. The distillers from grain are not required to use one bushel of Malt for every ten gallons of Spirits. I believe the state of the case was this: the distiller from grain, before 1806, was required to use after the rate of one bushel of Malt for every ten gallons of Spirits which he produced; that regulation, however, is not now in force.

1273. While that law continued, the Excise had the means of knowing the quantity?—Yes.

1274. If a distiller could not remove Malt without a permit, the Excise had an opportunity of knowing by those permits the actual quantity used?—At that time, whenever a distiller did not use Malt in the proportion of one bushel to every ten gallons of Spirit, he was obliged to pay Duty for the deficiency; that is to say, a penalty was imposed upon him by the Act, which was always computed for the payment of the Duty.

1275. If an Account had been ordered, during the continuance of that law, of the total quantity of Malt used by the distiller, would that have been made up according to the permits actually granted, or a computation according to the ten gallons?—It would have been made up from the computation.

1276. If the Account was ordered of the quantity of Malt actually used by the distiller, why should it be taken upon that computation, instead of the quantity appearing on the mashing permit?—I apprehend that the two things would at that period have been the same. The distiller would have been charged with Duty on the Malt deficient, and that quantity would have been deducted from the computation.

1277. All the Accounts of the quantity of Malt used by the distillers are made rather on computation of the quantity of Spirits to be produced from the Malt used, than from any actual report of the quantity of Malt used?—Those Accounts before the Committee are so generally.

1278. Have the Returns of the quantity of Malt used by Malt distillers been made upon the same principle as you have stated with regard to mixed grain distillers?—Generally speaking, I think they have been called for as computed Accounts, at the rate of one bushel of Malt for two gallons of Malt Spirits; where the Account has been called for in that form, it has been made out by computation; but we have the means of ascertaining by the permits and store accounts what quantity of Malt has been used in the Malt distilleries; and that Account, I apprehend, is perfectly correct.

1279. You have stated that you do not apprehend that there are frauds committed to a greater extent, in claims for the Malt Drawback, than the Excise Revenue is exposed to in other branches?—That is my impression; I have no reason to suppose there are.

1280. You have seen the Accounts which were presented to Parliament, and ordered to be printed on the 12th of June 1829, stating the quantity of Malt used in Scotland?—I have no doubt I have seen it.

1281. From that Account it appears that 16,568,331 bushels of Malt were used in Scotland between the 10th of October 1823 and the 5th of January 1829, of which it appears that 3,335,694 were used by brewers in Scotland?—Just so.

1282. And that 14,488,339 were used by distillers in that country during the same period?—Yes.

1283. That, if added together, makes 17,823,796; which two quantities exceed

exceed the total quantity of Malt in the preceding Account by 1,235,645?—It appears so by this Account.

1284. Whereas if the same Account for England is taken during the same period, it appears that 150,057,411 bushels of Malt were left for consumption in England during that period; of which 1,548,494 were used by distillers, 112,011,953 were used by brewers and victuallers; which leave unaccounted for 36,496,964 bushels; that in Ireland, during the same period, there were 12,579,716 bushels of Malt left for consumption in that country, of which 4,495,639 were used by distillers, 6,860,510 by brewers and victuallers; leaving in Ireland, for consumption above that quantity, an excess of 1,203,547; have you any means of accounting for the extraordinary difference that appears between the amount of Malt used in England and Ireland, compared with that which appears to have been used in Scotland during the same period?—I apprehend that will be entirely explained by adverting to the erroneous result arising out of the computation of Malt used by the distillers in Scotland for a portion of that period, as I before observed. The law requiring not less than a bushel of Malt to be used in the production of ten gallons of Spirits, was in force for a certain portion of that period; therefore the Account by computation of one bushel of Malt for every ten gallons of Spirits would be correct during that time. The Account, also, would be correct as far as respects Malt used in the Spirits made entirely from Malt; but in the portion of grain Spirits made from the year 1826, when the above law was repealed, and the distillers were allowed to use whatever quantity of Malt they thought proper, or no Malt at all, in the manufacture of grain Spirits, the calculation of the quantity of Malt used by grain distillers, computing that quantity after the proportion of one bushel of Malt for every ten gallons of Spirits made, is, as I before stated, an incorrect Account, from which no inference can be drawn affecting this question.

1285. Was the quantity of Malt used by the Irish distillers, during the same period, computed on the same principle?—I apprehend it was.

1286. Was there any reason why there should be any mistake made with respect to the distilleries of Scotland, which would not equally apply to the distilleries of Ireland?—I apprehend, if that were so, it would only affect the proportions in the result, but not alter the question of deficiency instead of surplus.

1287. If the same error applied to both, and there was a deficiency in Scotland, ought there not also to have been a deficiency in Ireland?—I do not see how that would result. I am not quite certain at this moment as to the manner in which this Irish Account was made out; my attention was only directed to the manner in which the Scotch Account was made out, and upon that I can certainly affirm there was an error. I cannot state what might be the result if the Account had been differently made out.

1288. Do you conceive it possible that the chance of error was so great as to have been one million on one side of the Account, and one million on the other side in the other?—I do apprehend the error in the Scotch Account is so great as to make a difference of a surplus on the whole Account, instead of a deficiency.

1289. Have the Excise any means of furnishing the Committee with an accurate Account?—They have no means on which they can entirely rely; they have the mode of computation, which, as far as grain Spirits, is utterly useless for this purpose; they have besides the declaration which the distiller in Scotland and Ireland is required to make, of the quantity of Malt he intends to use; the aggregate of these notices will furnish an Account which might be compared with the quantity of Spirit made, and from that comparison results might be drawn, which perhaps would not indeed be quite correct; the Excise, at least, could not rely on its correctness; but it probably would not show less Malt than had been used, for I can conceive no motive for the distiller representing that he works from less Malt than he actually employs; there may be motives for his not stating exactly the quantity he does employ.

1290. Do you know whether the Irish distillers use more or less Malt than the Scotch distillers?—I have no means of knowing that. I believe the grain Spirit made by Irish distillers is a very good Spirit, and I should suppose it contained a fair proportion of Malt; but we have no means of precisely ascertaining that point any more than in Scotland. I should apprehend that in Scotland, in that portion of grain Spirit which is sent to this country for rectification,

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and which forms a considerable part of the whole, a very small quantity of Malt is used; I should say perhaps one bushel for every thirty gallons; that is my conjecture. I conceive a very small quantity is used in the grain Spirits sent to this country for rectification. In the proportion of grain Spirits retained in their own country for consumption, and which supplies the place of Malt whiskey in some parts, probably there is a larger proportion of Malt; and that Spirit might be nearly of the same quality as the grain whiskey in Ireland.

1291. Are the notices preserved?—They are entered in the officers' books.

1292. Could it be supplied from those officers' books, what the quantity of Malt is that the distillers declare they have actually used?—I have no doubt it could.

1293. Would it occupy much time?—I apprehend not.

1294. Look at the Paper put into your hands, and state whether the Account used by each distiller in Ireland and Scotland is made up from actual Returns, or from computation, the Paper being No. 3. of the Papers printed for this Committee?—I should presume this is made out from Returns, but this Account did not fall under my notice when made out.

1295. It appears from this Account, that the proportion of bushels of Malt used was about one bushel of Malt for every twelve gallons of Spirits, both in Scotland and Ireland?—If that be meant to apply to grain Spirits generally, it is not correct, I conceive, and I speak in the presence of distillers.

1296. In what does the incorrectness consist?—In the fact that in the manufacture of grain Spirits distillers do not employ a proportion of Malt equal to that.

1297. Do you mean to say that they do not employ an uniform proportion?—I do not mean to say that distillers may not for a particular kind of whiskey use that quantity, but that the grain, I think, generally is manufactured with a much less quantity of Malt than the proportion of one bushel for every twelve gallons of Spirits.

1298. Are you aware that in the distilleries in England the proportion amounts to nearly one-fifth?—No, I am not aware of that; it contradicts all my ideas on the subject.

1299. If a Witness stated here yesterday that he used one-eighth of Malt, what is the result of that calculation?—That would be something more than one bushel for every eighteen gallons. I dare say an eighth may be used for the manufacture of good grain whiskey; but I certainly should say that the distillers in England, so far from using one-fifth, use more likely a thirteenth or a fourteenth; that is my impression. I do not mean, however, to put myself in competition with the distillers in discussing this part of the question, with which they are perfectly acquainted; but I think it will be found to be more nearly in those latter proportions.

1300. Will you look at the Paper before you, which is a Return from the Excise Office, London, dated the 19th of July 1831. It appears by the Abstract at the end of that Return, that the total number of gallons of Spirits on which Duty was collected in Scotland, amount to 38,762,306 gallons, in making which there were used 3,315,539 bushels of Malt. In Scotland there were 16,545,463 gallons of Spirits made, in the manufacture of which 1,885,605 bushels of Malt were used. Is there any reason to doubt the accuracy of that Account?—I only say we have no means of satisfying ourselves of its correctness.

1301. On what data is that Account prepared?—I before stated that I was not aware at this moment whether the Irish Account was made out upon computation; but if it is not made out upon computation, it is from the declarations of distillers themselves. It may be perfectly correct; but we have no means of verifying that fact, whether it be so or not.

1302. It appears, however, that the proportion of bushels of Malt used to the quantity of gallons of Spirits produced, is nearly the same in both countries, between a twelfth and a thirteenth?—It appears so.

1303. As it appears by this Account that the proportion of Malt used by the Irish distillers and the grain distillers in Scotland, is nearly the same, how is the great discrepancy in the Account presented on the 11th of June 1829 to be accounted for, of the quantity of Malt used in the distilleries?—I should not wish to speak to that Irish Account without having carefully examined it. With regard to the Scotch Account, I can speak, because my attention was particularly directed to it by this Paper; and the result of the attempt to verify that Account

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was very different from what appears on the face of it. I will state how I would make out that Account, and the principle upon which I have done it, and what my result would have been. I take the quantity of Malt charged with Duty as it is there stated, 16,568,331 bushels; that used by the brewers, 8,335,624. Now with respect to the 14,488,352 bushels, which are stated to be the quantity of Malt used in that period of time in Scotland in the distilleries, I should divide that into three parts. I take from the 10th of October 1823, the period when the present Malt Drawback commenced, to the 5th of January 1826, when the mashing permits were discontinued, and the distillers no longer obliged to use a specific quantity of Malt in the manufacture of grain Spirits; and I reckon the number of bushels of Malt used in the grain distilleries during that period, according to the computation of one bushel for every ten gallons so produced; because I think at that time, when we had the permits, and knew the quantity of Malt that they were obliged to use, it was a correct mode of framing the Account; that would be 481,838 bushels. From the 5th of January 1826 to the 5th of January 1829, I reckon that the proportion of Malt used in the manufacture of grain Spirits in Scotland was as one bushel of Malt to twenty gallons of Spirits, which I consider a very fair proportion; that will give me 649,221 bushels; I then take the quantity used by the Malt distillers, which is a correct Account, and that gives me 11,850,469 during the whole of the period from the 10th of October 1823 to the 5th of January 1829; that would make an aggregate of 12,081,028 bushels, which added to 8,335,624 bushels used by the brewers during the same period, would give 16,316,652; that deducted from the quantity charged of 16,568,331, would leave a surplus of 251,679 bushels of Malt, instead of a deficiency of 1,255,645.

1304. One of these elements of computation, of 11,850,469 used by distillers, is the actual and not the computed quantity?—That is the actual quantity.

1305. And the quantity used by brewers is also the actual and not the computed quantity?—I take that from the printed Account used by the Irish distillers in framing their statement, and to which I have been referring, and I apprehend it is nearly correct.

1306. Can you state whether it is the actual and not the computed quantity?—I cannot positively, but my opinion is, that it is a computed Account.

1307. Will you, in revising your Evidence, have the goodness to ascertain whether it is actual or computed?—Certainly—previously to the 5th January 1827, no Account of Malt used by brewers in Scotland was returned in the Excise Accounts; up to that period the Account necessarily was a computed Account; from that time to the 5th January 1829, it was an actual Account.

1308. Is the 11,850,469, the amount on which the Drawback is to be calculated?—Yes, it is that on which the Drawback was paid. In addition to that, I should say that a large quantity of Malt is exported from England to Scotland; for several years past the Customs have had no means of ascertaining the quantity sent coastwise; and I apprehend, as no Duty was levied on the Malt when exported or sent coastwise; it was a very uncertain Account, when they did purport to take account of it, and I do not believe it could be relied upon. In the next place, all the Malt which has gone into Scotland by land during that whole period, and which may have been a considerable quantity, neither the Excise nor Customs have any means of ascertaining.

1309. How do you apprehend this quantity stated in the Parliamentary Paper of 1829 was ascertained?—I apprehend by application to the Customs; I do not know any other mode.

1310. Then it must be purely conjecture?—I apprehend so, but I do not know how the Customs kept the Account; latterly they could not give it, I am sure, since the intercourse between England and Scotland has been regarded as a coasting trade.

1311. Any Account of that sort would rather be deficient?—Yes.

1312. Therefore any error which exists ought rather to increase the actual amount of Malt?—The object of the deficiency brought out on this Paper is to show, that instead of Malt being used in the Malt distilleries, raw grain was substituted; now, if the quantity of Malt which had paid the Duty, and was taken from England to Scotland, and used in the breweries or distilleries there, of which there would be no Account in this Paper, could be ascertained, the real result would be different. Parties would have been entitled also to the Drawback

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upon such Malt, during a considerable part of this period, just as if it had been malted in Scotland; but the effect of that would never appear in this Paper.

1313. Were permits on the transfer of Malt necessary at that time?—No, nothing, except a certificate that the Duty had been paid.

1314. Can a distiller, claiming a Drawback, obtain his Malt from any other source?—No; the distiller must now be supplied with his Malt from a maltster making malt for that purpose, while he is working under those regulations.

1315. A person may purchase his Malt for making beer any where?—Yes; or a distiller working from grain.

1316. Do you include in your calculation the excess charged over and above the two gallons?—I apprehend that would be thrown into the Malt Account; I do not think it is included in this Account.

1317. The malt-houses are frequently a great way from the distillery?—Yes, they need not be within any particular distance.

1318. You state, that when the Malt is delivered from the malt-house, it is inspected by an officer at the Malt store?—Yes.

1319. And when it is delivered to the distiller it is again inspected by an officer?—That is the regulation.

1320. Is there any check to prevent the article being changed in its transit from the malt-house to the distillery?—The article is in itself a very bulky article; if a fraud of that kind be practised on any great scale, it would require a great number of persons to be concerned in it; it would be always liable to the detection of the officer who received it; when brought on the distillery, after being so changed *in transitu*, it would be again liable to another examination, which would take place when the officer sees it removed from the store into which it had been received, for the purpose of its being taken out to the mill in order to its being ground. My apprehension is, that the fraud would not be committed there, if attempted.

1321. Is it your impression that the Customs department cannot render an account of the quantity of Malt sent from England to Scotland coastwise?—That is my impression. I was anxious a year ago to get that Account, with a view to my own inquiries on the subject, and I could not obtain it.

1322. The quantity sent by land must be very small, of course?—I do not know precisely what amount may go by land; but a small Amount annually would in an aggregate of many years swell into a large amount.

1323. Is much Malt malted in the north of England, contiguous to the Scotch border?—There are several immediately contiguous; I believe there are malt-houses in all that part of the country.

1324. By whom was Mr. Hardson selected for the inspection of the distilleries in Scotland?—I believe I was the author of the selection, so far as that I inquired who were available for the service, and intelligent men; and I rather think it was by my representation to the Board that those two officers proceeded from Lancashire, where they were then, to make inquiries.

1325. He has been selected as one of the most intelligent?—We have not always the officer at hand whom we would perhaps specially select; but he was selected as an intelligent officer, whose character was highly respectable, and who was acquainted, from long experience, with distilleries.

1326. Are any Irish officers, of the rank of Collectors and Supervisors of Division or Chief Officers, employed either in England or Scotland?—There are Irish officers employed in England.

1327. Do you know of any of that rank employed in Scotland?—I do not recollect any at present.

1328. You have stated that a good deal of Malt may have gone from England into Scotland of late years, and that there is no document in the Customs that would enable you to have that opinion verified; if it was made known to you, for instance, by Mr. Dunlop or Mr. Aitchison and other respectable Scotch distillers, that they had not heard of such traffic for years, would that alter your opinion?—I should receive any communication from those gentlemen with great respect; it is a matter concerning which, of course, distillers in Scotland must be much better able to give an opinion than I am. I only state to the Committee my impression, from the information I have been able to acquire, that considerable quantities of Malt are or have been sent into Scotland; and I also stated my belief, that the Customs have no means of furnishing the Committee with an accurate Account of those quantities sent by sea, &c., since

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since the trade became a coasting trade, they do not keep documents furnishing that Account; and I know that neither the Customs nor Excise could state the quantities of Malt which had gone over the Border into the neighbouring parts of Scotland.

1329. What is the penalty for committing this fraud of exchanging Malt?—I think 200*l.*, and forfeiture of the allowance of Drawback for the remainder of his license.

1330. Can you inform the Committee what the informer receives out of that penalty?—The law expenses and costs are paid out of whatever is recovered, and the remainder is divided between the king and the informer; that is the usual course.

1331. Did you not state that it would require a great number of persons to be guilty of the exchange of so bulky an article?—I apprehend, where the fraud consists in the exchange of one bulky article for another, there must be a number of persons engaged in it.

1332. Do you, or not, consider it probable, that if this fraud existed to any considerable extent, information would have been given of it?—That is my opinion; my impression is, that we should have heard of more instances of fraud of late if it had been carried to a great extent.

1333. Are you aware what number of instances of detection have occurred?—I am not aware of any except that instance now under prosecution.

1334. Are you aware of any cause which would enable the Scotch distiller to undersell the Irish distiller in the Irish market, at a price less than that at which the Irish distiller can actually make his Spirits?—I certainly am not aware of any cause which is satisfactory to my mind upon that subject; all that I can say upon that is, I believe that in Scotland the price of fuel, which is used in the manufacture of Spirits, is much less than it is in Ireland. With reference to the difference of skill, I will not presume to pronounce an opinion. I believe that the Scotch distillers are contented to work for much lower profits than probably would satisfy the Irish distiller.

1335. The question implied this term, that it was at such a price as was an actual loss to the Irish distiller?—I can conceive it would be impossible for the Scotch distiller to do that, unless he was endeavouring to get possession by main force of a certain portion of the Irish market. I do not otherwise comprehend how he could afford to sell his Spirits under the terms of the question.

1336. The Committee have the Evidence of a very intelligent Irish distiller, Mr. Fulls, that his fuel is as cheap, if not cheaper, than it can be supplied any where in Scotland; so that upon that fact there can be no explanation why he should be undersold?—As my answer implied, I can give no reason that is satisfactory to my own mind why a Scotch distiller working in Scotland should be able to carry his Spirits to Ireland, and undersell the Irish distiller in his own market to such an extent as to produce an actual loss, and I cannot conceive that that would go on for any length of time. I did understand that the same thing took place in England some time ago, and some representations were made to me by English distillers that the Scotch distillers were underselling them in the English market, so much below what they could sell their own Spirits for, that they could not account for it.

1337. What is the period to which you allude to?—I think the period to which I refer was about two years ago, when I received those representations.

1338. Did that continue for any length of time?—I apprehend not; I did not continue to hear of complaints for any length of time.

1339. You have heard the Irish complain for some time?—I am very sorry to have heard their complaint. When I heard the Irish complaint first, was about the time that I heard the English complaint; I think about two years ago.

1340. If that complaint had increased with the growing amount of Drawback in Scotland, might it not lead to the inference, that considerable fraud was practised in the Drawback of that Malt Duty, and that possibly, in that manner, the Scotch distiller might be enabled to undersell the Irish?—As far as the complaints of the English distillers are concerned, they have ceased, I believe; I have not heard any complaint from them lately as to the operation upon their market of the Malt Drawback; it has not continued with respect to them, though the distillers in Scotland supply a very large proportion of the market in England with Spirits.

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1341. Have you known any instances for the last few years, as to Scotland, in which distillers having declared to work from Malt, have had their stock seized on the allegation that they were not made from Malt?—The question probably alludes to particular cases; I have not any such in my recollection.

1342. Are you aware of large seizures having been made from Mr. Haig, in Dublin, on that ground, within these last few years?—I am aware that there was a seizure made; the precise particulars of that seizure I could not off-hand speak to, but I believe it was on the ground of an admixture of Malt and raw grain.

1343. Mr. Haig is a very large distiller there?—He is.

1344. Then you have no difficulty in supposing, that if Mr. Haig felt himself innocent, it must have hurt him, and that his character and reputation must have suffered?—No doubt Mr. Haig must have felt hurt, and any tradesman, under those circumstances, would of course feel hurt if he felt innocent, and that, on a suspicion which might turn out one way or another, he had been subjected to an Excise prosecution; but it is a contingency which the Honourable Member knows it is almost impossible to prevent; the case of a seizure may happen on imperfect information or imperfect data.

1345. Are you aware that on a jury trial Mr. Haig was acquitted?—Yes.

1346. Do not you think that the fear of that imputation would prevent many distillers in Ireland from resorting to distillers from Malt?—I should think that sort of fear would operate equally on a distiller in Scotland.

1347. But no seizure took place in Scotland, though there was one in Ireland?—That question appears to imply that there was a disposition to make seizures in Ireland, and none at the same time in Scotland. That supposition, with great submission to the Honourable Member, I must repel; the liability of Scotch distillers to this sort of seizure is just as great; the disposition to make these seizures in Scotland is just as strong, on the part of the Board of Excise, in the one country as in the other.

1348. There are about sixty Surveyors General of Excise, are there not?—Surveying General Examiners; there are forty-nine.

1349. Are you aware that there are only two of those Irish?—I am not quite sure as to the number; there are two of a superior rank who are Irish.

1350. Are you aware that that gentleman was so previous to the consolidation of the Exchequers?—Yes, they both had an equivalent rank.

1351. There has no one been promoted to that rank since?—There have been a good many promoted, but not to that rank; but there has been very little promotion in consequence of reductions.

1352. Are you aware that the English officers of the Excise department have been frequently discredited by the Irish juries and Irish magistrates; that there have been more frequent defeats since their evidence than there used to be?—We were certainly defeated at first in the Irish Court of Exchequer. I do not know to what that is to be attributed, whether to any bias against English officers, or other causes; but that is not now the case.

1353. Have you heard that the English and Scotch distillers entered into an arrangement to prevent their coming into collision in the English market?—I have no data on which to say that.

1354. Have you heard it?—I have heard it in the common course of conversation, but not to give Evidence upon it.

1355. You spoke of having heard complaints at one time, and those complaints having terminated; about the period when they terminated, did you not hear there was such an arrangement?—I certainly did not hear it about that period; I have heard it since. I heard that some such arrangements had been entered into, and I heard formerly that similar arrangements had been made between the English and the Irish distillers, but in the same loose way.

1356. With reference to the seizure of Mr. Haig's stock, and the subsequent acquittal, have the officers engaged in that been censured, or have they been discharged?—My apprehension is that they have been continued in the regular discharge of their duties; but I would not wish to speak definitively to it; I do not believe that the Board conceived them to have been actuated by any malicious feeling towards the trader, or any improper motive; and I believe they were continued in the regular discharge of their duties in the service.

1357. Is it not the rule of the Excise to promote officers on account of their merit?

merit?—As far as we possibly can, it is our object to promote the officers entirely by merit.

1358. When a large quantity of Spirits was abstracted from a bonded cellar in Dublin of late, are you aware under whose charge they were?—It is impossible that I can recollect all those things at once; I do not recollect that circumstance; but with reference to the inference as to Irish officers, I can assure the Honourable Member that there is no indisposition to promote Irish officers, and that wherever we find merit in that quarter, we shall be as much interested in promoting the officers possessing it as any others; and there have been many promotions of Irish officers, though not to the class referred to by the question.

1359. Is any care taken not to appoint an undue number of Scotch Revenue Officers in Scotland?—There are certain proportions belonging to each country, settled by the establishment, and that proportion is not departed from.

1360. Are there any Irish officers in Scotland?—I apprehend there may, but I am not positive as to the fact.

1361. Are you aware there are fifty-nine Collectors of Excise in England?—Yes.

1362. Are you aware that there are twenty-one in Ireland?—Yes.

1363. Are you aware that out of the twenty-one Collectors in Ireland, eight are English; and are you aware that there is not one Irish among the fifty-nine?—Yes, perfectly, and I will state why. The Committee must be aware that the Parliamentary Commissioners, some years ago, recommended that the Irish and Scotch system of Excise Revenue should be assimilated to that of the English. The system in Scotland bore a nearer resemblance to that which existed in England; the system in Ireland was entirely different. It became absolutely necessary, for the purpose of carrying the English system into effect in Ireland, that a large proportion of English officers should be sent there. The same reason, of course, did not exist for bringing over the Irish officers here; and therefore at the commencement of that, and for some time since, it has been the practice to send English officers over to Ireland: it has been the object of the Board gradually to alter that state of things.

1364. Do you know that there are seventy-seven districts in Ireland?—Yes.

1365. Are you aware that forty-one of those are now filled by English supervisors?—I have not taken out the figures, and cannot positively say; but I dare say that a very great number of the supervisors may be English, for the reason I have stated. That the object was to carry that system into effect in Ireland, whether right or wrong, I do not presume to say; but that was the recommendation of the Parliamentary Commissioners adopted by the Government, and which the Board of Excise were bound to carry into effect; of course they could only do so by placing a considerable number of English officers in those offices in Ireland.

1366. Are you aware that there is not a single Irish supervisor or officer in England?—I certainly am not aware of that.

1367. Do you recollect the Treasury Minute of the year 1825, which directed that two-thirds of the officers in Ireland should be English, and one-third of the officers in England should be Irish?—There was a Minute, I know, fixing those proportions.

1368. Are you apprised that that proportion has been carried into strict effect as far as relates to the transfer of English officers to Ireland?—I have no doubt it has, for the very reason I have stated, that it was absolutely necessary it should be so; the proportions were understood to be our ultimate rule, but it was not, I apprehend, for immediate operation; we could not displace officers and put others in to make it square at once in that exact proportion; a great reduction of officers has taken place in the last few years; that has altered very much the proportions which would have existed at the present moment, if our establishment had continued as it was before.

1369. The Treasury Minute having been carried into full effect, as far as relates to the transfer of English officers into Ireland, are you aware that there are but two Irish officers of any rank in England?—I believe of the higher rank there are but two.

1370. Is the Excise Revenue in Ireland materially improved since that change?—The Revenue has been improving.

1371. Are there any superior officers of Excise employed in England who are natives of Scotland?—Yes, there are.

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1372. A greater proportion than from Ireland?—I do not know the exact proportion, but not any thing like the proportion of English officers; I believe it will be found that there are not a considerable number.

1373. Are you apprised that an increase of Revenue in Ireland took place after the reduction of the Duties?—Undoubtedly; I do not wish to speak of the increase without taking that into account.

1374. Were the officers sent into Ireland generally removed from duty in England?—They were.

1375. Were their offices filled up by English officers?—Generally by English officers; but the object of that regulation was to establish the English system in Ireland.

1376. By an Account before this Committee, it appears, that at one large distillery in Scotland, making one-tenth of the whole quantity of mixed grain Spirits made in Scotland, there were used 100,000 bushels of Malt, being at the rate of one bushel for every 16 gallons of Spirits; at another distillery, making half as much again, it appears, that the quantity of bushels of Malt used was only 17,277, being in the proportion of one bushel of Malt to 130 gallons of Spirits. If that Account be correct, would it not be a reasonable conclusion that the one distiller must have been using Malt he got surreptitiously?—No, I should not say that. That Account is furnished by the distiller himself; he may have had some reason in making that statement. I do not pretend to vouch for the statement; but I think it probable that it will be found, that the distiller by whom the very small proportion of Malt is stated to be used was working a great part of the time for the rectifiers, either in the English or Irish market; but that is a mere matter of conjecture.

1377. Whether working for the English or the Irish market, is it not a more than unusually small proportion of Malt to be used?—I apprehend so, but I conceive that when they work for a market where the Spirits are of a coarse nature, and where they go afterwards to a rectifier's for the purpose of being rectified, in the manufacture of those Spirits they do not use any thing like the proportion of Malt as when they make the grain Spirit for the ordinary consumption of the country.

1378. Have you ever heard whether it has been the practice of some of the distillers in Scotland to use no Malt at all, but what they call the shealings of oats?—I have heard that they use oats, and that they use buckwheat; but I cannot pretend to speak to those things accurately.

1379. Will you, in revising your Evidence, specially state which Accounts are made up by computation, and which by actual Accounts returned?—Those Papers are so voluminous, they have been called for for such a series of years, and amount to so very large a volume, it will be very difficult to do so.

1380. Will you have the goodness to make that statement as to the Accounts within any limited period, the Accounts from 1826 down to the present time, which were made up from computation, and if from computation, what were the grounds of computation?—I would endeavour to do so, but I would submit to the Committee, that it would perhaps be better to direct a Return to that effect, specifying the particular Accounts.

1381. Are the Committee to understand, that since the Act of 1826 passed, the Excise have had no means of ascertaining the quantity of Malt used by raw grain distillers?—Except that in Scotland and Ireland the raw grain distiller is required to give a notice of the quantity he uses, which is entered in a book, and from that an Account may be made out, which I dare say may be a tolerably correct Account. With regard to England, the case is rather different; we have the power of calling on the distiller to state the quantity of Malt he has used in any given period; but he is not required to enter the quantity he uses at each brewing in his notice.

1382. You have arraigned the correctness of the calculation founded on the consumption of Malt of one bushel to every ten gallons of Spirits in the Paper delivered in by the distillers?—I beg to say I have not arraigned the Account in question; I have merely stated my impression that it does not lead to a correct conclusion.

1383. In a counter statement, you have made a different computation; as you are not a practical distiller, will you have the goodness to state the grounds on which you have made that new estimate?—From the best information I could get, as any other gentleman may obtain information, I endeavoured to ascertain what the proportions were which the grain distillers usually employed in the manufacture

manufacture of their Spirits, and the result was, that it was about one bushel for every twenty gallons, about a ninth of the proportion of the grist. I have taken two years in Scotland of the quantity actually declared by the distiller made, to see how that quantity bore upon this calculation, and I found it come very near it; and therefore I took that as a conclusion on which, to a certain extent, I might rely; and I should apprehend that I am rather over mark, for this reason, that I have taken that computation on all the grain Spirits; whereas I apprehend that for the proportion of the whole sent into the English market to be afterwards rectified, the proportion, instead of being one in twenty, will be nearer one in thirty.

1384. So far as that Account rendered from Scotland goes, any quantity which might have been introduced surreptitiously into the distillery would alter the calculations?—Yes, certainly.

1385. In the distilleries from grain, do the Excise possess any means of ascertaining what the quantity of raw grain is which has been used by distillers?—Yes, I think that Account declared in their notice by distillers.

1386. Could such an Account be furnished?—I apprehend it might.

1387. You have been in Irish distilleries, have you not?—Yes, I have had the pleasure of seeing some Irish distilleries.

1388. The Cork distiller, for instance, has his Malt store on the same premises with his distillery?—I believe so; but I have not been there for several years.

1389. According to the present law, when the distiller decreases his stock of Malt, he is required to make an entry of that in a book to which the officer has access?—Yes.

1390. If he had given a notice, and declared he was about to mash a certain quantity of Malt, would not the officer naturally refer to see that the decrease of Malt and declared quantity of Malt agreed?—He might do so; but I apprehend he would not do it; there is no Duty upon it; the officer might do it, but it is a part of his duty which he probably would not sedulously perform, as there would be no result from it.

1391. If it appeared that such was the practice, would it not lead to the conclusion that those Returns given by the Cork distiller, as to the quantity used, were correct?—Undoubtedly; it would operate as the permit system did before; for if an officer examined the quantity that is in store, and saw that no more was taken out than ought to be, it would have the same effect; but I do not believe, as no penalty is incurred by the distiller, and no Duty charged upon him for the Malt he uses, that that is a part of the duty of the Excise Officer which he is not practically in the habit of performing.

1392. In your opinion, if the Drawback on Malt now allowed were repealed, would it have a tendency to increase illicit distillation in the Highlands of Scotland?—That certainly is my impression; I conceive a Drawback is always, in a Revenue point of view, abstractedly an evil; but it may be necessary to counteract certain effects which might result from not granting it. My impression is, that if the Drawback on Malt were repealed, we should again have in the Highlands of Scotland illicit distillation, from which at present it is almost entirely free.

1393. In what manner would the repeal of that Drawback operate as an inducement to illicit distillation?—My impression is, that they would revive the private stills; there is a strong taste in Scotland for that peculiar kind of whiskey which is manufactured from Malt. I understand, that persons who are in the habit of drinking whiskey detect at once the difference in quality. At all events, whether from prejudice or real superiority in the article when made from Malt, the universal taste for that kind, as distinguished from grain whiskey, prevails in Scotland, particularly in the Highlands. I think, therefore, the whiskey would still be made in the Highlands from Malt, but I apprehend from Malt that would be smuggled. We should probably have a great deal of illicit malting in the Highlands; they would endeavour to save the Malt Duty in that way.

1394. Do you conceive it is rather owing to the different quality of the Spirits than any increase of price that would take place in the pure Malt Spirits, that the illicit distillation of the Highlands would prevail?—My impression is, that the reduction of the Duty must have contributed very much to the diminution of illicit distillation, but that that alone in Scotland would not have effected the

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object; for the taste there for the Malt Spirit makes it a question more of quality than of price.

1395. At what period did the great change take place with respect to illicit distillation in the Highlands?—It took place from 1824, and illicit distillation has gradually been diminishing since the year 1823, when the Malt Drawback came into operation.

1396. Was not there a Malt Drawback allowed for two years previous to that?—Yes; but very little effect resulted from that, and I apprehend for this reason: during great part of the time when that Malt Drawback was in existence, it was very generally understood in Scotland that the Duties were to be considerably lowered; that was about the time when the Parliamentary Commissioners were sitting in Scotland. For a considerable period before, however, it was very generally known what the objects of that Commission were, and that one of the great objects of that Commission was to lower the Duties considerably, and to make a complete and entire change in the distillery laws both in Ireland and Scotland. I apprehend that during that period, therefore, while that event was hanging over the distillers of Scotland, very little advantage was taken of the new law, and that the distillers were not willing to establish themselves until they could ascertain what the permanent system to be adopted was.

1397. Are you aware that since the establishment of the new distillery law in Scotland, the quality of mixed grain Spirit has been very much improved?—I am no Spirit-drinker myself, but I believe that is the case; I think the object of some of the grain distillers would probably be to enter into competition with the Malt distiller in Spirits made for home consumption; therefore I think the quality of grain Spirit might probably be improved in order to do that.

1398. Would a reduction in the amount of Spirit Duty charged in Scotland, if equivalent to the amount of the Drawback allowed on Malt, have the effect of preventing the re-establishment of the illicit distillation in Scotland, if the law were repealed?—My impression is, that it would not; that there would be still a disposition to make whiskey from Malt; and that they would endeavour to effect that from Malt illicitly made. It would give rise to the establishment of illicit malt-houses, if not distilleries; and then the question arises, as to the Borders of England, if you lower very considerably the Duty on Spirits in Scotland, and keep up the Duty on Spirits in England, you would have smuggling from the towns in Scotland near the Border to a great extent, and a sort of Border warfare would be carried on. The scene of smuggling would only be transferred from the Highlands of Scotland to the moors of Northumberland and Cumberland.

1399. Has not the Drawback upon Malt Spirits existed since the year 1821?—A Drawback has existed since that time, but not precisely in the present form. I think the present Drawback came into operation in 1825.

1400. In a Return to Parliament it is stated, that in 1821 there paid Duty in Scotland 2,900,000 gallons; in 1822, 2,079,000 gallons; in 1823, 2,232,000 gallons; and in 1824, upon the reduction of the Duty, it rose at once to 4,350,000 gallons; would not that lead to the fair conclusion, that it was not the Bounty on Malt that prevented illicit distillation, but the reduction of the Duty was the principal cause?—My impression is, that the reduction of Duty contributed very much to that effect; but I should say, that a comparison between this year and the others is not to be relied upon, because during the greater part of that period all those expectations I stated before prevailed with regard to the great changes about to take place.

1401. On that account you think the distillers rather reduced their stocks?—Yes; I think it is not fair to judge of the average by what was done at that time.

1402. Did any great increase in the population of Scotland take place at that time, to account for that great increase?—I have not had the Population Returns of Scotland laid before me, but I conceive not.

1403. Do you conceive that if the Malt Drawback is withdrawn, the fraud practised will consist in the illicit manufacture of Spirits, or in malting without the payment of Duty?—That in the Highlands of Scotland illicit stills will be erected in all the fastnesses of that quarter, and that there will be an illicit manufacture of Malt to a considerable extent.

1404. Was the fraud which existed formerly in the article of Spirit, or of Malt?—Both existed at that time.

1405. The

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1405. The same persons you have stated would have considerable difficulty in the smuggling of Malt at present, as between the maltster and distiller, being a very bulky article?—In the small manufactories in the Highlands of Scotland they contrived to do it, and would contrive to do it again, and it is very difficult to prevent it. At present there is a considerable number of distilleries established where no such thing as a legal distiller was ever known; but the small landed proprietors and farmers have a market, a ready and a legal market, for the sale of their grain. At present, instead of being in league with the smuggler to defraud the Revenue, they are rather allied with the Revenue to put down the smuggler; he is discountenanced by the gentlemen of the country and the farmers; and a state of things exists in the Highlands of Scotland, which it may be said amounts almost to a total cessation of illicit distillation; and I conceive that, in a great measure, this is owing to these causes, much more indeed than to the operations of the Revenue; and I think it would be unwise to disturb it.

1406. You would rather apprehend a manufacture of illicit Spirits from the repeal of the Drawback, than an illicit trade in Malt?—I should think, by the reduction of the Duty on Spirits, and withdrawing the Drawback, there would be less temptation to smugglers of mere Spirit, but a great temptation to smugglers in Malt.

1407. Do you think that the entered distiller would make use of Malt which had not paid the Duty, or an illicit distiller use Malt which had paid Duty?—My opinion is, that the small distillers would continue to be legal distillers, and that they would get the Malt which had not paid Duty in some way or other on their premises.

1408. Do you happen to know whether the quantity of Beer charged with Duty has increased in Scotland?—No, I do not; I believe it has; it has continued very steadily at the average produce.

1409. Is the Duty on Malt used in the manufacture of Beer increasing?—We cannot discover the particular Malt used, except in the manufacture of that Spirit denominated Malt Spirit; the maltster working for general purposes, he supplies the brewer with a portion of that Malt, and he supplies the grain distiller with a portion; but we make no distinction in the Duty on the Malt.

1410. Has the amount of Duty on Malt increased?—The gross amount has very considerably increased, from about a million and a half to about four millions of bushels.

1411. Have the goodness to state to the Committee, whether you ever made a special Report on the subject of the Malt Drawback, when in Scotland in the year 1825?—I was in Scotland in the year 1825; I remember my attention having been called to the subject, but not specially; that it arose out of my own observations; I am not aware that I ever made any formal Report upon the subject; I think I did write some unofficial letter either to the Chancellor of the Exchequer or Secretary of the Treasury, at the time, in which I stated my impression as to the operation of that measure at that period. I have no distinct recollection of the tenor of that communication, except that I conceive I was of opinion, as I am now, that though, abstractedly considered, like any other Drawback, it might not be desirable for the Revenue to continue it, yet that, under the circumstances of Scotland, it would be very impolitic to take it off immediately.

1412. Do you recollect your having been of opinion that half the Drawback should be then done away, and the remainder done away at a graduated scale of a penny a gallon?—My opinion was that this Drawback, as a permanent measure, ought to be watched, and that it might be gradually done away with according to circumstances; I dare say that something to that effect may have been said by me, but I do not think I could have recommended an immediate reduction of one-half; my impression, I conceive, was quite the other way.

1413. Do you possess a copy of that letter?—No, I do not think I have a copy of that letter; it was an unofficial letter, written on the spur of the occasion. I recollect having discussed the subject in Scotland, and I was of opinion that it could not affect the trade with Ireland.

1414. Do you know how long it takes to make barley into Malt?—That depends upon the manner in which the Malt is worked. I believe that twelve or thirteen days is the time that a good maltster would take to make good

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Malt; but to make Malt in the rapid way in which it is made by illicit distiller would not take long.

1415. The illicit maltster has no kiln of his own, has he?—I do not know how they manage; they contrive to provide some kind of kiln. In those inaccessible places in the remote parts of the country, illicit malting has been carried on to a great extent, and they have contrived some mode of doing it.

1416. Do you not know, that while illicit distilling was thriving in Scotland, means were found both to steep the Malt and to dry it without passing it through a regular malt-house?—I apprehend that various contrivances might be devised, and have been, for that purpose.

1417. Are you well acquainted with the Highlands of Scotland?—No more than by shooting there occasionally.

1418. Has not every small farm-house in Scotland almost invariably attached to it a kiln of its own?—I cannot say, not having visited the Highlands in my Excise capacity.

1419. Can the officer, in giving the Drawback upon Malt Spirit, tell whether it is, as it ought to be, pure Malt Spirit?—I do not know; if he is a Scotch officer, who probably is well acquainted with the different qualities of whiskey, as they pretend to be in Scotland, he may be able to say whether it is made from pure Malt or not; but I should not be able myself to form any judgment upon the subject.

1420. In cases where the Spirit is not exclusively made of Malt, there is a fraud upon the Revenue in obtaining the Drawback?—If that Spirit which purports to be made from Malt entirely be made from grain, and a Malt Drawback is obtained upon that, a fraud is committed in that respect.

1421. If it is made from a mixed proportion of Malt and grain?—Then the fraud is in that proportion.

1422. Are there not considerable difficulties, if not impossibilities, in discovering a Spirit made exclusively of Malt, and a Spirit in which there are proportions of Malt and raw grain; is not a system of this kind, one which affords the greatest facilities for fraud upon the Revenue?—I do not think so; because there are other checks to prevent the distiller using any other grain than Malt in the manufacture of his Spirit; I do not think that alone is a ground.

1423. If it should appear that the Malt distiller in Scotland has, for some time past, been selling his Spirits at a price exceeding the prime cost of the materials by two-pence a gallon, is it your opinion that he could continue for any length of time to carry on his trade, unless he had a mode of acquiring an irregular profit?—I apprehend that no distiller would sell Spirits at a price below what he could make them for; if he continued that practice beyond the time necessary to attain some particular object which he might have in view, in forcing a market, I should apprehend he must have some unfair means of indemnifying himself for the continued loss he would sustain by that sort of trade. One of the questions being, whether the prevalence of exporting Spirits from Scotland to Ireland, and selling those Spirits, as it is alleged they are sold, below the cost at which they are made, arises from the distiller being enabled to do so by obtaining some unfair advantage from the Malt Drawback in Scotland, I desired that an Account might be made out for the last three years, of the quantity of Spirits exported from Scotland to Ireland in those three years, distinguishing the Spirits into three parts; namely, that which consisted of Spirit made from Malt altogether; that which was made of raw grain made by distillers having connection with the Malt Duty, that is to say, working at one period of the year from Malt, and at another from grain, and who might, therefore, be supposed to derive some advantage from the Malt Drawback; and that made by distillers who have no connection with the Malt Drawback, that were not working from Malt at all; and the result is this: In the last year, I think there were nearly 1,000,000 of gallons of Spirits of all kinds exported from Scotland to Ireland; of that 1,000,000, there were 663,000 gallons exported by distillers in Scotland, who have no connection whatever with the Malt Drawback; and therefore to whatever cause, as it appears to me, the sale of Spirits by the Scotch distillers in Ireland may be attributed, it cannot be attributed to the influence and operation of the Malt Drawback.

1424. If there were frauds committed by obtaining the Malt Drawback, would not that lower the price of Spirits generally in Scotland?—That is another question; it would lower the price of Spirits generally in Scotland, but it would

would lower the profits generally also. A distiller from grain, who did not participate in those frauds, would, of course, be a sufferer as much as a distiller in Ireland; and yet it is from that class of persons that the greatest portion of Spirits imported into Ireland appears to come.

1425. Are you aware that representations have been made by one of the grain distillers to the Commissioners of Excise, of the injury they receive from the giving this Drawback?—Yes.

1426. If frauds are committed in obtaining the Drawback on Malt, and that Malt finds its way into the distilleries of the raw grain distillers, would not that account for the cheapness of Scotch Spirit, and the underselling the Irish?—It would account for the Scotch distiller making his Spirit apparently with a very small quantity of Malt; but I do not see how that would enable the Scotch distiller to undersell the Irish.

1427. If the distillers can purchase Malt fraudulently disposed of at 5s. a quarter below the price at which they can possibly purchase Malt made without any fraud, will not that account for the low price at which they are enabled to sell Malt or grain Spirits?—Doubtless it will account for that in a certain degree, if that were the case, that the Malt which they use in the manufacture of their grain Spirits were obtained by them at a much lower price than Malt can be fairly sold, to the extent, whatever it may be, that they use Malt in the production of grain Spirits, that would enable them to sell them cheaper.

1428. Can you give an account of the quantities of Malt Spirits sent into Ireland by those who worked at one time from Malt, and then from mixed grain; and can you give an account of the quantity sent in by those who had Malt works in one place and raw grain works in another?—I apprehend that is included in the Account of the quantity of Spirits sent into Ireland by those who have no connection directly or indirectly with Malt.

1429. When you say indirectly, you mean only as you know officially?—Yes.

1430. Has not the operation of the Malt Drawback in Scotland been to produce a fertile trade in Malt at a diminished price?—Not to my knowledge; I have no information of the kind; I believe that before the present regulations were made, and that the maltsters paid for every bushel of Malt actually made, there might be some little traffic in the surplus quantities of Malt by the gauge; but I know nothing of any such practice at present.

[The Account referred to was read, as follows:]

SPIRITS EXPORTED FROM SCOTLAND TO IRELAND.

	Years ended 5th January					
	1829.		1830.		1831.	
	MALT.	GRAIN.	MALT.	GRAIN.	MALT.	GRAIN.
Made by Distillers who work from Malt only	Gallons. 137,060	Gallons. " "	Gallons. 177,590	Gallons. " "	Gallons. 225,545	Gallons. —
Disto - who work from Grain only	" "	771,213	" "	534,104	" "	662,248
Disto - who work partly from Malt and partly from Grain, either in the same distillery or in other distilleries, where a connection is known to exist	3,854	38,563	" "	40,692	1,046	27,781
TOTAL	140,914	809,876	177,590	574,796	227,591	761,029

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Mercurii, 21^a die Septembris 1831.

FRANCIS BARING, ESQUIRE,

IN THE CHAIR.

Woodbine Parish, Esquire, called in; and Examined.

*Woodbine Parish,
Esq.*

*21 September,
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1431. YOU are a Commissioner of Excise?—I am.

1432. How long have you been Commissioner of Excise?—I was Chairman to the Board of Excise in Scotland for upwards of eight years, and have been a member of the English Board since the consolidation in the year 1823; I joined the English Board in London in January in 1825.

1433. What is your own opinion as to the effect of the Malt Drawback in tending to suppress illicit distillation in Scotland?—I think it has been of very considerable use, by encouraging a greater number of small stills to make Malt Spirits, withdrawing them from their smuggling habits, and giving them an encouragement which they had not when they were obliged to pay the Duty on Malt without the Drawback being allowed to them.

1434. Are you aware of the circumstance that the maltsters who prepare Malt for the distillers in Scotland are in the habit of malting their grain imperfectly?—No, I really cannot give an opinion upon that.

1435. You are not apprised of the fact?—I am not.

1436. It has appeared in the Evidence of the Excise Officers who were sent by the Board to examine into the state of distillation in Scotland that such is the fact, that the maltsters do not go through the process of preparing Malt as they would do if the Malt were being manufactured for brewers, and that the effect of that is the same upon Spirits as if a certain portion of raw grain were mixed with a certain proportion of Malt, and that the Spirits prepared from such Malt are not so perfect as they would be if the grain had been perfectly malted; if the effect of this is greatly to lower the price of the Malt Spirits, will not the effect be rather prejudicial than advantageous to the distillers in the Highlands, inasmuch as they will have to compete with Spirits which are called Malt Spirits, but which in fact are not really so, inasmuch as they are prepared from this imperfectly malted grain; may not the effect of using such Malt be to injure rather than to confer an advantage upon the real Malt distillers?—I should suppose that Malt imperfectly made could not of course give them all the advantages in the quality of their Spirit that Malt perfectly made would. I beg to say I am not a practical distiller, but it occurs to me that if a certain benefit is to be derived from pure Malt, and he substitutes imperfect Malt, he cannot derive the same benefit.

1437. It is stated that the object of this is to increase the quantity of Spirit, that a certain quantity of this imperfectly malted grain will yield a larger quantity of Spirits than grain perfectly malted would do, and that the distiller who uses such imperfectly malted grain will be enabled to undersell the distiller who uses perfect Malt; will not, therefore, the continuance of the law, if it leads to the using of this imperfectly malted grain, be rather injurious than otherwise to the distiller who uses perfect Malt, inasmuch as the other person will undersell him?—I should apprehend that a Legislative enactment might compel him to make use of Malt perfectly made; that if it is found to be an evil, that might be corrected by legislation.

1438. One of the alleged grounds of introducing the present system of Malt Drawback was, that a perfect Spirit might be prepared, such as was suited to the palates of the Scotch consumers. If this imperfectly malted grain is used to any extent, and if it appears that the Spirits prepared from such grain form a large proportion of the consumption of Scotland, that argument in favour of using Malt for distillation seems to fail, inasmuch as it is not Malt, but imperfectly malted grain, which constitutes the material from which almost the whole of the Spirits of Scotland are prepared. Does not, therefore, the argument founded on its being the most palatable Spirit for Scotland, seem to fail, if the fact

fact be true that it is an imperfect Malt which constitutes the material from which the greater part of the Spirits in Scotland are prepared?—If the Committee would permit me, I will refer to the Evidence that I gave on the 16th of May 1821, before the Committee of the House of Commons on the Malt Duties, and another Evidence on the 25th of October 1822, before the Parliamentary Commissioners, in which it occurred to me, that in order to encourage the making of Malt Spirits, it perhaps might have been a desirable thing to allow the distiller to make his Malt, Duty free, without being subject to the double operation of paying the Duty for the Malt on the one hand, and afterwards withdrawing it by Drawback. The question of Malt Duty was only part of a great system of new legislation for the distilleries in Scotland. Scotland was entirely overrun with smugglers, entirely owing to the inapplicability of the law to the Spirit which the people there consumed; and such Spirit, to be palatable, required to be distilled in a particular manner, in small stills and from weak wash. There were thirty-one distillery Acts of Parliament to which the distiller was obliged to refer in his operations; and Government approving at that time the views which were taken and recommended upon this important subject, laws were consequently made which not only consolidated and improved all those previously existing enactments, but licensed small stills, reduced the gravity of the wash formerly required, thereby giving great encouragement to the manufacture of a Spirit suited to the taste of the people of the country, conceding at the same time a reduction of Duty. May I be permitted to refer, also, to a Special Report I made to the Lords of the Treasury on the 19th of April 1822, which will give further information of the reasons for changing the law.

1439. What is your opinion as to the effect which would arise from lowering the Duty on Spirits and not giving a Drawback on Malt; suppose the Spirit Duty to be lowered 1s. 2d. a gallon, and the Malt Drawback not to be allowed to the Malt distiller?—We should be subject then to the loss of Duty on the Malt. It does not occur to me that we should be better enabled to prevent the substitution of Malt which has not paid Duty.

1440. Which is the most easily smuggled, Spirits or Malt?—I should think, from Spirits being a less bulky article than the Malt, that Spirits are more easily smuggled.

1441. Then in the case of the Drawback not being allowed, you are aware that the distiller from raw grain would be able to undersell the distiller of Malt Spirits by about 1s. 2d. a gallon?—Yes.

1442. What do you anticipate might be the effect of that?—I think if you drive him back to the use of raw grain, which he would be obliged to do to meet the distiller from raw grain, we might, perhaps, weaken some of those advantages which I consider have been obtained by diminishing the Malt Duty, naturally viewing the return of Duty as a diminution of charge upon Malt.

1443. That would encourage the distillery from raw grain?—Yes; besides, as a general principle, I do not look favourably on Drawbacks of any kind.

1444. Can you give any opinion what effect you think it would have upon the smuggling if the Drawback were taken off?—The consequence must be, that he will be compelled to pay both the Spirit Duty and the Malt Duty, and consequently he would prefer distilling with a greater portion of raw grain, in order to evade that Malt Duty which would remain still a charge upon his Spirit.

1445. Would not the taking off the Drawback operate in the same way as an increase of the Duty, in proportion to the whole difference between the price of raw grain Spirit and of Malt Spirit in the market?—Certainly.

1446. Were you in the Excise in Scotland at the time that a law existed which put the Highlands of Scotland under a different system from the Lowlands?—By the law existing at that period, on one point only, to the best of my recollection, there was a difference in the size of stills required in the Highlands and the size required in the Lowlands; neither were Highland Spirits allowed to come into the Lowlands: the Lowland distiller objected to the sale of Highland whiskey in the Lowlands, because the law allowed the Highland distiller to make Spirits in a smaller still, and small stills are supposed to make a more palatable Spirit than large ones.

1447. Have the goodness to explain to the Committee whether the principle established by what was called the system of the Highland law, was not something

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thing of this sort : It is found possible, in the circumstances of the country, to collect a higher rate of Duty on Spirits in the south of this island than the north ; at present the line is taken on the boundary between Scotland and England, and a larger Duty raised in England than is now in Scotland ; in consequence of that difference, a certain degree of smuggling prevails upon that line ; was it not attempted by a Highland line to divide the island into three parts, instead of into two, and to take the Duty on three scales ?—Just so.

1448. From the experience you have had of these subjects, what do you think would be the effect of resorting again, in a certain degree, to that principle of permitting the Duty on Malted Spirits to be drawn back in all works in which the still did not exceed, say 500 gallons, or even a smaller size than that ; supposing also that it was enacted that the grain to be malted should be malted on premises closely connected with the distillery premises, that there should be no transport of grain from a malt-house to the distillery ; supposing that there was a very strict survey of the Malt at the time established ; and supposing that a distiller was prevented from having raw grain any where but in his malting premises ; suppose also that he was prohibited from sending this Malt Spirit either to England or to Ireland, and by possibility that he might be prohibited sending it over the Highland line ; would it be possible to carry an arrangement of that kind into effect, and would an arrangement of that sort have the effect of supplying the towns in the north of Scotland with a Malt Spirit for which they have a taste, and keep down illicit distillation, and prevent fraud being committed on the Drawback ?—If a boundary line exists with dissimilar Duties or privileges on the different sides of that line, I must consider that such a boundary line, making distinction either of privilege or of Duty, necessarily must lead to smuggling.

1449. Do not the habits of the different parts of this country render a boundary line somewhere necessary ?—A boundary line at present exists between England and Scotland, and smuggling prevails to a certain extent there. Where is the man who will be satisfied to drink whiskey paying 7s. 6d. Duty on the one side of the river, when his neighbour on the other side of the river pays only 3s. 4d. ? Smuggling must ensue.

1450. Would a removal of the Malt Drawback, without reduction of Duty, bring into operation again illicit distillation in Scotland ?—I think it would ; if Spirits made from Malt are more palatable and more saleable than those which are made from raw grain, he not only loses the advantage of taste, but he also would pay a superior Duty.

1451. If accompanied with 1s. 2d. a gallon reduction of Spirit Duty, do you think it would have any injurious effect ?—I apprehend it is matter of calculation what the relative advantage of one would be to correspond with the disadvantage of the other.

1452. Would not the reduction of 1s. 2d. Duty in Scotland, unless accompanied by a similar reduction in England, increase the smuggling over the Border ?—Unquestionably, by increasing the temptation.

1453. Will you state to the Committee, which would create smuggling to the greatest degree, the establishment of the principle suggested in a late question, or the change of Duty last suggested ?—I should think the facilities of smuggling along the Highland line would be, perhaps, greater than they are on the English Border, from the nature of the countries. The Highland boundary line passed through glens and over mountains, which much facilitate concealment and escape from detection.

1454. Take into your view the difference of the Duties which exist, in the one case there would be a difference of 1s. 2d. between the Highland and Lowland line, and in the other the difference between 7s. 6d. and 3s. 4d. ?—The present Duty in Scotland is 3s. 4d. a gallon ; consequently, if that is reduced, it would not be according to the question put to me.

1455. In England the Duty is 7s. 6d. a gallon ?—Yes.

1456. Then there is in England no Malt Drawback ?—No.

1457. So that, in fact, for Malt-made Spirits there is an additional difference of 1s. 2d. in favour of the Scotch Malt-made Spirits, at present ?—In England the Spirit is made for re-distillation ; it is not made for consumption ; it is a raw Spirit, made for re-distillation by the rectifiers ; I am not aware that any Malt is put in, but opinions are that a small quantity of Malt is used.

1458. If

1458. If Scotch Spirit be drunk in England fairly imported, it is drunk at the Duty of 8s. 8d. ?—Yes, presuming that they make it entirely of Malt, and pay us the whole Malt Duty.

1459. Any frauds of making it of raw grain, when entered as Malt Spirits, of course lessen the Duty, which operates equally on the Spirits made for the consumption of Scotland and of Ireland?—Yes, certainly.

1460. For the Spirit consumed in England, though made of Malt in Scotland, the Malt distiller is not entitled to a Drawback?—No, he is not entitled to a Drawback.

1461. The difference of Spirit Duty and of Malt Drawback is an encouragement, at present, to smuggling across the Border?—Certainly.

1462. You have been very strongly of opinion that a reduction of Duty would not diminish smuggling in Scotland?—I certainly did form that opinion, that a reduction of Duty would not have diminished the smuggling entirely; I consider that smuggling was occasioned in Scotland much more from the inapplicability of the law to the manufacture of a Spirit suitable for consumption in Scotland, than to the actual Duty itself.

1463. Were not you of opinion that the reduction of the Duty would scarcely, if at all, diminish smuggling in Scotland?—I must say that it was my opinion that a reduction of Duty solely would not.

1464. You thought it would very partially, if at all, diminish it?—Yes.

1465. Are you aware that a reduction of Duty in Ireland has had a most powerful effect in diminishing illegal distillation?—I am not sufficiently acquainted with the former and present state of that country.

1466. Illegal distillation has been diminished also in Scotland?—To a very great extent.

1467. The Duty has been diminished also?—Yes, first to 5s. 6d. and then to the present Duty.

1468. A great diminution of smuggling followed; at least, if not consequent on, it took place after, the diminution of Duty?—Certainly, as a matter of fact, it took place after the diminution of Duty, but I do not at all think it was solely occasioned by the diminution of Duty.

1469. Do you think it was much affected by it?—It was affected by it.

1470. Do you think it was much affected by it?—Had it not been accompanied by the other advantages that were given towards the manufacture of a better Spirit, I very much doubt whether it would have been to the same extent.

1471. Had you any thing to do with the preparation of the Report of the Excise Officers on the 31st of May last?—No, I had not.

1472. Were you consulted upon it at all?—I do not recollect its being brought before the Board at the time that I was there; I have merely a general idea that a question arose upon it, and which was referred to our different practical officers, and that the Board had decided upon the opinions given, and a Report was made to the Lords of the Treasury in consequence.

1473. Are you apprised of the source from which they derived their information, that Malt intended for Malt Spirits must be immediately removed to the distillery when completed?—No; I presume it was from the practical officers.

1474. Are you aware that the practical officers were totally mistaken in that?—I have not looked into the case.

1475. You do not know whether, in point of fact, it is necessary to remove the Malt from the malt-house, when completed, immediately to the distillery?—I do not.

1476. Can you trace who it was that reported to the Commissioners of Excise that distillers from Malt were prohibited from having any raw grain on their premises?—No, I do not know which particular officer made that report.

1477. Had you any share in communicating that idea to them?—No.

1478. Do you know that that not only is not true, but that it is, in point of fact, impossible it should be true; because if they had not raw grain, they could not possibly have Malt. Are you aware that distillers may have raw grain upon their distillery premises?—I believe they are not allowed to have it on their distillery premises if in a bruised or ground state.

1479. You signed this Report, containing all those things?—Yes, it is very likely I may have signed it. I consider my signature to any Report not as my

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own individual opinion, but that I sign it officially, as a measure which has been discussed and which has passed the Board; that the rough draft of the Report has been consequently drawn, has been read at the Board, and the fair copy ordered; this fair copy being made out, is brought (perhaps with others at the same time) for the signature generally of four Commissioners as a matter of course.

1480. Of course other persons who signed it might have signed it in the same way with you?—I should think so; that is the usual course.

1481. They might have all signed it so?—Very likely; the fair copy of the Report is officially prepared by the proper officer, according to the decision that the Board has come to, and the draft having been previously read and approved; the fair copy is brought for signature. I would beg to say, that if I was aware of any paper passing the Board to which I very strongly objected, that, as an extreme case, I should think it my duty to desire the person who is intrusted with that department not to bring that paper, to which I objected, for my signature.

1482. The Board act upon Reports from their officers?—In most cases requiring practical information, they have the Reports of their officers before them previous to decision.

1483. When they call upon their officers for Reports, they act upon them?—Yes, in cases which require Reports on practical points; they consider the Reports of their officers before they decide upon the question.

1484. They consider that Report?—Yes, that practical Report is read before the Board. If a legal opinion is required, that legal opinion is also obtained and read, and the Board come to their own determination if they are satisfied with the opinions they get.

1485. The Board form their opinion upon that Report?—Yes, they come to an opinion upon it after examination and discussion.

1486. From the signature of the Report by any of the Commissioners, it does not follow that those are the persons who have formed that opinion?—No; the draft having been decided upon by a previous Board, the signature afterwards is merely official.

1487. This Report might have been discussed when you were not present?—Just so.

1488. The signature merely gives the sanction of the Board to that Report?—Yes; the sanction of the Board. After having read the Reports of the different officers, and discussed them, if necessary, the final judgment of the Board being come to, and the rough draft approved at the Board.

1489. You have stated that when you first came to Scotland the law was in a very dreadful state; there were thirty-one different Acts?—Yes.

1490. In what year were those laws consolidated?—I beg leave to refer to my Report to the Treasury, of the 12th of April 1822, which will give the date.

1491. At that time was there smuggling going on to a great extent?—To the greatest degree; subdued partly by the laws enacted in 1816 and 1817, by the establishment of small stills, allowing them to make a Spirit which was suitable to the taste of the inhabitants by slow distillation and from an inferior wash.

1492. In 1824 the law was altered as to the amount of Duty?—The Parliamentary Commissioners recommended a reduction of Duty, being strongly impressed with the necessity of it, and it took place in consequence of the Report of those gentlemen.

1493. Was there not at the same time an alteration in the law relative to working from high gravities?—Yes, we proceeded from 1816 to the present time in gradually reducing the gravity.

1494. At the same time was not there a law passed which obliged the distiller to distil and to mash at different periods?—Yes, there was such a law brought in.

1495. Do you therefore draw the conclusion that the stop put to illicit traffic might arise from those two laws, as well as the reduction which took place in the Duty?—I am clearly of opinion there were other collateral causes which operated to the greatest degree in suppressing the smuggling by encouraging the legal distillers all over the country.

1496. Are you aware of there being any distillers now entered in Scotland who were illicit distillers at that time?—No, but I think it is very likely that many of the men who were illegal distillers became legal distillers.

1497. Did it fall within your own knowledge what quantity of foreign smuggling took place in Scotland at that time?—I recollect one ship taken very shortly after I arrived in Scotland; I do not apprehend that trade was to any very great extent.

1498. You cannot say whether it was greater than it was after the alteration of the law?—No, I cannot.

1499. As you resided a long time in Scotland previous to the Malt Drawback being granted, are you aware, previous to that being granted, whether the Highland proprietors discouraged or encouraged illicit distillation on their properties?—I believe a great many of the proprietors were most anxious that some satisfactory law should be made to enable the Scotch people to buy their barley for the purposes of legal distillation; I should say generally, that they were very much disposed to assist the officers to keep down smuggling.

1500. Was not it the impression upon your mind that in a great many districts in the Highlands the Highland proprietors rather winked at the smuggling previous to the alteration of the law?—No; I think there was a temptation, and that they could not probably resist it, of selling their barley to the men who would give them the highest price; but I should be sorry to conceive they encouraged men to smuggle.

1501. You have referred to the Evidence you gave before the Select Committee in 1821; that was a Committee appointed to consider the Duty on Malt, which had been lately imposed by the Legislature, was it not?—I believe so.

1502. What was the Duty per bushel on Malt at the time that Committee was appointed?—Three shillings and sixpence per bushel for barley, three shillings for bere and bigg.

1503. Do you recollect when the Malt Duties were raised?—In July 1819, the Malt Duty was raised from 1*s.* 8*d.* to 3*s.* 6*d.* per bushel.

1504. Was not it on account of that very great increase to the Malt Duty, which was considered to be extremely injurious to the agriculturalists of Scotland, that complaints were made from the proprietors in the Highlands, which led to the introduction of this Drawback?—I think that the recommendation to introduce the Drawback was made by the Parliamentary Commissioners when they came down, founded on the evidence they had obtained in Scotland.

1505. Is there not a recommendation by the Committee, before which you were examined in 1821, to give a Drawback for the Malt used in making whiskey in Scotland where Malt only is used?—Yes; I think so.

1506. Was it not a fact, that the complaints were made that illicit distillation was again on the increase, notwithstanding the ameliorations of the law in 1816 and 1817, in consequence of the additional Duty imposed by Parliament in 1819?—Yes.

1507. What is the present amount of Malt Duty per bushel in England and Scotland?—Two shillings and seven-pence the imperial bushel.

1508. That is nearly equal to 2*s.* 6*d.* on the old measure?—Yes; I think it is.

1509. Do you apprehend that there is the same necessity for continuing that Drawback now with the reduced Malt Duty that existed in 1819?—It must be in proportion to the relation that the present Duty bears to the former; the temptation held out must bear a relation to the increase or diminution of Duty.

1510. Therefore the advantage likely to result from that Drawback now will be in the proportion of two to three what it was in 1821?—Just so.

1511. And the danger which would result from its repeal would be therefore in the same proportion?—Certainly, if the calculation is made on the presumption that smuggling is always to rise and fall with the temptation there is to evade the Duty, and subject, however, to the sufficiency of those checks which may be adopted for the prevention of smuggling.

1512. Did any material diminution of illicit distillation take place consequent on that Drawback being granted in Scotland?—Yes, it did; and the legal trade very much increased.

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1513. Did it increase immediately on the granting the Drawback, or was it contemporaneous with the great reduction of Duty which took place in consequence of the recommendation of the Commissioners; the Malt Drawback being granted in 1821, and the reduction of the Duties taking place in 1824?—In the year 1824, the number of legal distillers increased very much. I do not exactly know at what period of the year this Act passed; in the year 1823 there were 109 distillers in Scotland; in the year 1824 there were 171 distillers.

1514. What was the number in 1819?—A hundred and forty; they began to diminish after that period. I consider that the great blow to illicit distillation was by the Act that took place in 1816. Upon my going down to Scotland, there were 37 distillers, in the year 1815; in the year 1816 a new law took place; there were 36 in the year 1817; when the first of the small still system was introduced, the number immediately rose to 107; in 1818, to 112; in 1819, 140; in 1820, 125; in 1821, 109; in the year 1822, 117; in 1823, 109; in 1824, 171; in 1825, 249; in 1826, 305; in 1827, 307; in 1828, 255.

1515. From this Account it appears, that the great increase in the number of entered distillers, or the death-blow to illicit distillation, was given in consequence of the change of the law in 1816?—Yes.

1516. After that the number of entered distillers increased to three times what it had been in the preceding year?—Yes.

1517. That increase arose from the establishment of those small stills, at the time when no Drawback was allowed on Malt?—There was no Drawback on Malt in 1821.

1518. Was the increase of the number of legal distillers in Scotland chiefly in the Highlands of Scotland?—In the year 1816, there were 24 in the Lowlands, 12 in the Highlands, making the 36; the next year 68 in the Lowlands, and 39 in the Highlands; in 1818, there were 61 in the Lowlands, and 51 in the Highlands; in 1819, there were 73 in the Lowlands, and 67 in the Highlands; in 1820, there were 73 in the Lowlands, and 52 in the Highlands; in 1821, 64 in the Lowlands, and 45 in the Highlands; in 1822, 71 in the Lowlands, and 46 in the Highlands; in 1823, 67 in the Lowlands, and 42 in the Highlands; in 1824, 118 in the Lowlands, and 53 in the Highlands; in 1825, 165 in the Lowlands, and 80 in the Highlands; in 1826, 198 in the Lowlands, and 107 in the Highlands.

1519. Then it appears from this statement, that in the Highlands of Scotland, notwithstanding the Drawback upon Malt which was granted by the Act of 1821, there were not so many entered distillers during the years 1821, 1822, 1823 and 1824 as there were in the year 1819, when no Drawback from Malt was allowed?—That was the fact.

1520. Will it not follow from that, that the improvements which have been made in the distillery laws would operate sufficiently to check illicit distillation, without the continuance of this Drawback?—No, I do not think that follows; for this number of distillers, both in the Lowlands and the Highlands, may have benefited by the Malt Drawback; it operates as an encouragement both to the Malt distiller in the Lowlands and to the Malt distiller in the Highlands.

1521. Can you state what was the Duty on Malt and on Spirits during each of those years; in 1815 for instance?—The Duty on Spirit was 8s. 4d. two-thirds.

1522. Was there any Duty on Malt?—Yes; but I cannot state the amount at this moment.

1523. What was the Duty on Spirits in 1816?—In the year 1816 the Duty of 8s. 4d. remained; but I do not exactly know the period of the year the Duty changed; the next Duty was 5s. 6d. in 1817.

1524. May not the Committee also equally believe that the reduction of Duty to 5s. 6d. had a great tendency to assist in the number of distilleries built at that time?—Yes, certainly, that contributed.

1525. Are you aware whether much Malt is taken from England to Scotland?—I understand that Malt is sent from the eastern counties of England up into Scotland.

1526. Are you aware whether it is generally sent for distillery purposes, or for the making of beer?—Formerly, I believe, it was very generally sent for distillery

distillery purposes. I do not know it from my own knowledge, but I believe the Scotch distillers purchased considerably.

1527. Will you add to your statement, from the year 1828, the fluctuations which took place both in the Duty on Spirits and the Duty on Malt, marking the reductions?—

SPIRIT DUTY, per Gallon :			MALT DUTY, per Bushel :		
	s.	d.		s.	d.
From 1817 to 1823	5	6 & a fraction.	From 1817 to 1819	-	1 8½
1824 to 1825	2	0	Year 1820	-	- 3 8
1826 to 1830	2	10	Year 1821, Barley	-	3 6
From 15 March 1830	3	0	Bigg	-	3 0
14 June 1830	3	4	From 1822 to 1830:		
			Barley	-	2 7½ imperial
			Bigg	-	2 0½ measure.

MALT DRAWBACK allowed on Spirits :

	s.	d.	
From 1821 to 1823	-	- 1 0	per bushel on Malt used.
1824 to 1825	-	- 1 0	per gallon on Spirits made from Malt only.
1826 to 1830	-	- 1 2	- ditto ditto ditto.

1528. Are you of opinion that fraud in the Malt Drawback exists to any great extent?—The only means I have of forming an opinion is from the fact, that not many detections have been made. It appears to me that the rewards to officers for detections are such, that if these fraudulent practices were carried on to a great extent, it being so greatly to the interest of the officers to detect them, we should have had them reported to us. I am not aware of many; I inquired yesterday, and I found that one party had been lately detected, and he is ordered for prosecution in the Court of Exchequer.

1529. As far as your opinion founded on that goes, it is that they do not exist to a great extent?—Yes, but that is merely an opinion formed upon those grounds.

Mr. Donald M'Eachern, called in; and Examined.

1530. YOU are a Highland distiller?—I am.

1531. In what part of Scotland?—In the Island of Islay.

1532. How long have you been in the trade?—I have been a distiller since October 1825; I was working under my father and uncle before that for several years.

1533. Are you in considerable trade?—About the average of the distillers of Islay.

1534. What do you manufacture?—About 11,000 gallons a year.

1535. You have been sent up by those gentlemen to give information upon this subject, have you not?—I have been ordered up by the distillers of Islay.

1536. Do you distil from raw grain or from Malt?—From Malt.

1537. From Malt only?—From Malt only.

1538. Are you aware that the object of this Committee is to inquire how far it may be politic to abolish the Drawback payable upon Spirits made from Malt only, keeping in view the security of the Revenue, and also the general distillery interest of the United Kingdom?—Yes.

1539. Are you here as representative only of your own concern individually?—I am here representing the body of distillers in Islay.

1540. You have nothing to do with the distillers of Campbell Town?—No.

1541. How many distillers are there in Islay?—There are twelve now.

1542. How many were there in 1823?—Six.

1543. What is the population of Islay?—By the last Census I am led to understand it is about 17,000.

1544. Do you know what proportion of the population in 1822 might have been engaged directly or indirectly in illicit distillation?—In those years, I believe every person in the country that was enabled to act for himself was more or less engaged in illicit distillation.

1545. What was the annual number of convictions for smuggling in the Island of Islay in the years 1820, 1821 and 1822?—Before I left the country I endeavoured

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voured to obtain that from the records in the possession of the supervisor of the Excise, but I was disappointed; I could not, without a Board's order; but I was led to understand from the clerk of the peace that there were, on the average, 300 convicted for the crime of smuggling.

1546. What was the number of convictions the last year?—There were not more than three, I know, in the Island.

1547. Then since 1821 the number has decreased from 300 annually to three?—Yes.

1548. What class of persons were chiefly engaged in those illegal practices?—Principally the lower tenants, and the people under them; the residents under them.

1549. What effect do you think this had on the general morals of the people?—I think that the effects were serious in regard to a market for the farmer, who did not wish to follow the smuggling himself; and the farmer that did engage in the smuggling unavoidably would be detected some time or other; therefore he lost his property, and the landlord's interest was at stake; and not only that, but, in resorting to smuggling, it took off the farmer's attention from the cultivation of the land, which has been much improved since the alteration.

1550. Did the smuggler pay a greater or less price than is paid now?—He promised to pay, whether he paid it or not; he only paid if he got his brewing safe into the hands of the customer; if he lost it he did not pay at all.

1551. Did he promise a greater price than the distiller does at present?—Not much; perhaps a few shillings; the price of grain is about the average of 30s. per quarter with us.

1552. Was the material used by smugglers Malt or a mixture with raw grain?—Entirely Malt.

1553. Are you in the habit of malting your grain imperfectly, or completely?—Completely; if I did not malt it completely, I should be under the necessity of paying for every gallon and a half I produced more than the law allows 2s. 7d.

1554. Do you consider the use of small stills and Malt perfectly made absolutely essential to the production of the finest Spirit?—There is no doubt of it; the less the apparatus for conducting the distillation, the better the Spirit; and the Malt, if completely malted, does produce a better Spirit than if it was only partially malted.

1555. Will you state to the Committee what were the relative Duties on the gallon of Spirit manufactured from raw grain, from barley Malt, and from bere Malt, under the Act of 4 George the Fourth, c. 94. previous to the alteration of the old wine gallon to the imperial standard; and what are the relative proportions since the adoption of those Duties respectively to the imperial gallon; and since the raw grain distiller is not compelled by law to use any certain fixed quantity of Malt?—At the commencement of the present law, in 1823, the Duty was 2s. on the gallon; the distiller from raw grain was obliged to use a bushel of Malt at 2s. 6d. on ten gallons of Spirits; the ten gallons of Spirits, at 2s. per gallon Duty, came to 1*l*., and the bushel of Malt 2s. 6d., making 1*l* 2s. 6d. on ten gallons of Spirits, at 2s. 3d. a gallon. The Malt made from barley was the same; ten gallons of Spirits at 2s. making 1*l*.; and it required five bushels of barley Malt to produce that quantity by law, at 2s. 6d., is 12s. 6d., which added to the 1*l* gives 1*l* 12s. 6d. Then the Malt distiller was allowed a Drawback, as a bonus for the making of a pure article, at the rate of 1s. a gallon, which was deducted from his Malt Duty; that left remaining only 1*l* 2s. 6d., or ten gallons of Spirits exactly at 2s. 3d. per gallon. From bere or bigg, the way we work in the Highlands, we produce ten gallons of Spirits at 2s., likewise making 1*l*. We were obliged to use six bushels and two-thirds of a bushel of Malt made from bere or bigg to produce that quantity, the Duty on which was 1s. 11d. then; it amounted to 12s. 9½d. and 2-3rds, which made a total of 1*l* 12s. 9½d. and 2-3rds; then we were allowed a Drawback on the ten gallons, which was 10s., which being deducted from the 1*l* 12s. 9½d., leaves 1*l* 2s. 9½d., or ten gallons at 2s. 3½d. and 2-3rds fraction. That was the way it was till the alteration took place on the measure and the Duties, which made no distinction in the relative Duties, except to the distiller in the Highlands who wrought from bere or bigg. The calculation

lation for raw grain now is ten gallons of Spirits at 3s. 4d., 1 l. 13 s. 4 d. We use one bushel of Malt to every ten gallons of Spirit, which is now charged at 2s. 7d., being a penny more than formerly, which makes an amount of 1 l. 15 s. 11 d. the Duty on the ten gallons; on ten gallons of Spirits, at 3s. 7d. and nearly a half-penny; which is the Duty on raw grain just now, since the alteration of the Duties and measures. The Malt from barley now taken in the same manner; ten gallons of Spirits at 3s. 4d. is 1 l. 13 s. 4 d., five bushels of barley Malt at 2s. 7d. (the quantity we are obliged to use) comes to 12s. 11d., amounting to 2 l. 6 s. 3 d. for the Malt and Spirit Duty, in the first instance; but then we are allowed a Drawback now of 1s. 2d. for every gallon, which amounts to 11s. 8d., the allowance on the ten gallons for Drawback; which makes ten gallons of Spirits produced at 3s. 5½d., the actual Duty per gallon. The Malt from bere and bigg is altered likewise since the change of the law; taking the same quantity as the raw grain calculation, ten gallons of Spirits at 3s. 4d.; to produce that, we are obliged to use six and two-thirds bushels of bere Malt at 2s.; the bere Duty amounting to 13s. 4d., that makes 2 l. 6 s. 8 d. off; the Drawback on the ten gallons at 1s. 2d., 11s. 8d.; that leaves 1 l. 15 s., the amount of Duty on the ten gallons of Spirits from bere or bigg, or ten gallons at 3s. 6d. per gallon.

1556. Do you know what quantity of Spirit paid Duty in Argyleshire generally, previous to 1821?—I was led to understand from the Excise, and from a distiller engaged in the business there, that it would be about 5,000 l.

1557. Are you aware what the present Revenue arising from the distillery in Argyleshire is?—It was computed, I believe, close on 100,000 l. in the year ending October 1830.

1558. The Revenue has increased from 5,000 l. to 100,000 l. in that county?—Yes, I understand so.

1559. Is it your belief that a very great increase of Spirits is now manufactured in Argyleshire to what there was in 1821, when the Duty was so small?—There is an immense increase since that time, as I have stated, in the fair trade; but perhaps, taking into consideration what was made by smugglers, the increase is not so very great.

1560. Have you had any means of knowing, by inquiring at mills or elsewhere, what quantity of Malt was there ground and used by the smugglers?—Yes; I could not learn from the whole of the people connected with mills in Islay; but I can give an average statement from two owners of mills in Islay, who have a good knowledge of that done in other mills, along with their own. They say, that in the years 1818, 1819, 1820 and 1821, they were regularly, from the month of October to the spring of the year, in the habit of grinding for the smugglers on the average 650 quarters.

1561. How many mills are there in Islay?—Eight.

1562. How much Spirit would that produce?—That would come to 5,200 quarters, or 41,600 bushels of bere, allowing them to produce a gallon and a half each bushel; that would amount to 62,400 gallons, made in an illicit manner, which at 3s. 6d., that is, 3s. 4d., the present Duty, and 2d. for the Malt, would amount to 10,920 l. the Duty, besides that the Revenue was defrauded in the Malt Duty likewise upon that quantity.

1563. Can you speak at all relative to the quantities in Kintyre?—I learned from Mr. John Beath, distiller in Campbell Town, that there is one mill in Campbell Town, and, if I recollect well, he says that they were annually in the habit of grinding in this mill about 6,000 quarters, in the village of Campbell Town, for illicit distillation.

1564. Are you aware what the amount of Duty paid by the distillers of Islay now is?—It is about 25,000 l. in the last year to October.

1565. Are you aware what the amount paid in Campbell Town is?—It nearly doubled Islay; it was 48,000 l. last year.

1566. In Campbell Town, previous to the alterations which took place in the Drawback, are you aware whether there were any distilleries at all?—There might be one, a single one; but I am not even sure of one till the Drawback was granted.

1567. Are there any other places in which distilleries are now established in Argyleshire?—There is one in Jura and one in Mull, one in Tobermory, one at Oban, one at Glenmore, two at Lochgilphead, and I believe there were two at Cowal.

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1568. Are you aware whether any of those existed before 1821?—Not one of them.

1569. Are you aware whether previous to the Malt Drawback being used, the few legal distillers which did exist in Argyleshire were in the habit of purchasing illicit Malt, and introducing it into their legal distilleries?—They were certainly in the habit of doing that, and of purchasing smuggled whiskey likewise.

1570. Was it possible for the distiller, at that time, to compete with the raw grain distiller, if he worked fairly?—He was not able to compete with any distiller in the Low Country then, nor was he able to compete with the smugglers; he was constantly obliged to purchase up as much of the smugglers' produce as he could, so as to keep the market to himself.

1571. Will you state to the Committee the most prominent and beneficial results which, in your opinion, arise from the reduction of the Duty and introduction of the Malt Drawback?—Previous to the Drawback being granted, it required a great capital to carry on the business of distillation; since the Drawback has been granted, the distillers are permitted to take credit for the allowance granted upon the Spirits after they are bonded; therefore he is enabled from this to carry on the process of mashing and malting without much capital; that has enabled numbers to engage in it who would not have been able were the Drawback not granted. The Drawback, in consequence, has completely served the end for which the Legislation of the country actually intended it. The distiller, now, is enabled to make as fine an article as the smuggler did, and at nearly as cheap a rate: therefore, there is no inducement to the smuggler to carry on his business.

1572. In your opinion, and from your knowledge of the West Highlands of Scotland generally, do you conceive that if this Drawback is done away with, those small distilleries conducted by persons with small capitals will be able to continue their operations?—It is impossible they can continue their operations without the use of money.

1573. Individually yourself, are you very anxious relative to this Malt Drawback?—As a single individual, it matters little to me, provided I can carry on my business, whether the Drawback is off or on.

1574. You have yourself a capital?—Yes, I have what I think would carry me on.

1575. If you, being a man of capital, were enabled to drive out those other distillers, do you calculate, or not, that you would receive a larger price for the Spirit you are now able to make?—Of course; the demand for the article would be greater, from the consumption at present in the Scotch market; therefore when the business would be monopolized into the hands of a few individuals, it would enable those individuals to make whatever Spirit they thought proper, and at any price; the Spirit merchant would be obliged, from the quality of legally distilled Spirit having fallen off, and the quantity distilled being less than the demand in the market, to resort to the smugglers for a fine article, and for the extra quantity required.

1576. Do you not think that the lessening the number of distillers in the Highlands of Scotland would at once re-establish the system of smuggling which existed a few years ago?—Undoubtedly.

1577. Do you consider that illicit distillation in the Highlands could have been put down by the reduction of the Spirit Duty only, without the Drawback?—Without the Drawback I think it could not have been put down.

1578. What is your reason for supposing that?—Because had the Drawback not been given, the produce of the legal distiller would have been much about the same as it was previously, and the demand for the smuggler's produce would be the same, from the limited number of legal distilleries that would be working.

1579. Are you aware whether foreign smuggling existed, to any extent, at the same period with the home smuggling?—I recollect when young in the country, vessels having been taken on the coast by cruisers, and I recollect quantities of contraband goods being landed on the Island; but to the extent I cannot speak; I have seen gin and brandy sold in the public-houses in the country in those days.

1580. What is your age?—Twenty-three.

1581. Is drunkenness more common throughout the country you are acquainted

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acquainted with than it was previous to the Malt Drawback being carried into effect?—The people who were connected with the illicit traffic had Spirits at their command when required, and wished to drink it; now they are deprived of it, and their morals are much improved in consequence.

1582. What overlooking takes place in the small distilleries in the Highlands?—I am not aware of any overlooking with regard to the Excise surveys.

1583. What Excisemen are placed on your distilleries?—There is one placed on each distillery with us, and an officer who makes check surveys on every day he pleases, and a supervisor over him again.

1584. Are there riding officers?—Yes, we have had them three or four times, and I left two of them in the country when I came away.

1585. What is their opinion of the manner in which legal distilleries are conducted?—They left London with the impression that we were all a parcel of smugglers; we had a bad character; but they give a good character to the officers, and to the distillers likewise, which they intend to report to the Board, as they informed me.

1586. Of what nations are the superior officers at present in Islay; are they English, Scotch or Irish?—There are two supervisors; they are both Irish.

1587. What was the supervisor before the last?—He was an Irishman. There have been three Irish supervisors; one is Mr. Starkie; Mr. Coggan and Mr. Barker were previously there.

1588. What was the reason of Mr. Barker leaving Islay?—He and one of the distillers quarrelled about the gauging of some punchons, and it appeared the supervisor was wrong, and he was reduced in consequence.

1589. Since the change in the law, what addition has been made to the number of maltings in the Island of Islay?—The number of distillers that have entered into business are six more than there were; those are all maltsters.

1590. Are their maltings closely connected with their distillery premises?—They are.

1591. Is that the case with yours?—It is.

1592. Were you ever in the habit of buying Malt?—Never.

1593. Will you describe to the Committee what is the nature of the survey which malting premises are under?—We are liable to be surveyed every hour if the officer chooses; he makes a survey, as he feels requisite, every two or three or four hours; it must be within four hours; there is a gauge taken in the cistern and the couch; there is an allowance made upon that.

1594. In the same way as if Duty was to be paid upon it?—Yes.

1595. Do you actually pay Duty upon it?—Yes, upon the best charge the officer gets in the process of malting.

1596. Do you pay the money actually to the collector?—Yes, we pay the money at the first commencement of our business, and he gives us at the end of every distilling period credit for our Malt allowance.

1597. How much is the Duty you ever actually paid for Malt out of your pocket?—I paid when I commenced for the quantity I intended to mash; I was obliged to remit the money from Islay, to the collector, at Campbell Town.

1598. How much money were you ever in advance before it came to a matter of account?—Sometimes less, sometimes more.

1599. Was it ever a hundred pounds?—About forty pounds.

1600. Do you take credit for this Malt before you sell the Spirit?—I do, under the bonding system.

1601. Be so good as to explain what is the amount that you have advanced to you in the nature of credit?—I have on every bushel I work 2s. advanced. When it is made into Spirits and bonded, I get credit for 1s. 9d. on every gallon and half made from bere.

1602. What is the greatest number of bushels you ever had advance on at one time?—I work regularly 240 bushels in the course of seven, or eight, or nine, or ten days, as the circumstances admit.

1603. Can you state the total amount you have ever had advanced to you on that?—I have had advanced thirty, forty, and fifty pounds, as my business required; but I must always be a little in advance. I cannot get a single bushel out of store unless I have credit for it with the collector.

1604. Are you enabled to receive the money, by the sale of your Spirit, before

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before the payment is made of the Spirit Duty to the Revenue?—No, not a single gallon.

1605. If you actually paid the Duty to the collector on the Malt, in the same way as maltsters do, you must employ a greater capital, must you not?—No, not a penny.

1606. Have the maltsters the same allowance that you have?—No; but if I carry on a business with a maltster, and I pay 40*l.* to account with the collector, I get his receipt, and hand to the officers the money as paid. The maltster gets orders to deliver me so many bushels of Malt; that I send into my Malt deposit store-room, and it must lie there twelve hours; and I must give twelve hours' notice to take it out to get it ground.

1607. The allowance would be the same to you whether you made your Malt or bought it of the maltster; but supposing there was no Malt Drawback, and you bought Malt to distil from a maltster, should you not lose the benefit of the advance of the money you now have?—I should get no credit from the collector for the Spirit produced; consequently I should be obliged to have greater capital. I cannot get a market immediately for my Spirit; I can get credit for the Drawback now; but were there no Drawback, I would require to advance more money to get more Malt.

1608. If the Drawback was done away you would not only be charged with 1*l.* 2*d.* more Duty, but likewise require a larger capital to carry on your trade?—Yes; because I should not get allowance of the 1*s.* 2*d.* Drawback.

1609. Are you allowed to have on your premises, as a distiller, raw grain, in the same manner as if you were a raw grain distiller, or is there a check upon you?—There is a very severe check; we are not allowed to keep raw grain in any place but a place entered for the keeping raw grain, marked and numbered to contain nothing else but raw grain.

1610. Is that connected with your malting or your distillery premises?—The malting premises.

1611. Under what regulations do you take raw grain into that and take it out, as to survey; may you open it when you please?—I may open it when I please, but I am obliged to give a certificate to the officer of the number of bushels I receive daily, that is kept in the barley-book received from the Excise, with a certificate from the grower that it is nothing else but bere or bigg or barley, whichever it may be; therefore the officer has a check over our grain stores, as well as over our Malt; there is a daily credit account kept in that barley-book of the quantity of stock and the quantity steeped, so that the officer can order the distiller to level down his stock of grain, and he may gauge it and see whether the balance is correct.

1612. Do you now keep that barley-book?—I kept it till the 6th of July last, when I laid my work silent for a time.

1613. Were you obliged to keep it up to the 6th of July last?—I was; and down to the present time we are obliged to give a certificate of the number of bushels in stock, and whether it is barley or bere.

1614. You are probably aware that this is not now required, the law having been repealed?—I was never aware of the fact; the officers in consequence of that Act required it of us.

1615. When the barley is removed from this store, is it always done in the presence of the officer?—It is done under a notice to steep at such an hour, when the officer attends.

1616. Is he always present, in point of fact, at the removal of barley?—Always present before we let in water upon it in the cistern.

1617. Has he the gauge of the cistern?—Of course, he would not be up to his business if he had not that; then the specimen connected with the malt-house is kept there, and he takes his survey when the grain is dry in the cistern, and he takes the barley-book afterwards and marks down the dip in the cistern, and how many bushels; if the officer does not come and do this, he is liable to be reported to the Board, and reprimanded.

1618. Has he the means always of checking the quantity of grain you use, by comparing the quantity of grain used with the quantity on the premises?—He has at all times from the account which is kept.

1619. Is there an account kept of the Duty chargeable on your Malt precisely in the same way as that where the maltster malts for sale?—In precisely the same

same way; the Malt specimens are kept in the malt-house, and the books connected with that department.

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1620. Do you ever sell Malt from your premises?—Never.

1621. Do you ever buy Malt from others?—Never.

1622. Do you malt from barley or from bere and bigg?—Only from bere and bigg.

1623. Do you ever use oats?—Never.

1624. What grain do you know by the name of bere and bigg?—A description of barley that grows with four rows at the head; barley having only two.

1625. Is bere and bigg the same?—Yes.

1626. Where is your Malt ground?—It is ground in a house adjoining the distillery.

1627. Invariably?—Yes.

1628. Is that a mill?—It is not a mill; it is by rollers.

1629. If any hard unmalted corn, called flints, was in it, would the roller crush it?—No, they would cut it or bruise it, but it will swell in the water like pot barley; it will not dissolve in the water, unless it was ground with stones, or made a flour of in some shape.

1630. In what markets is your Spirit principally sold?—Glasgow and Edinburgh.

1631. Do you export any to Ireland?—None, unless occasionally I get an order, but I do not offer to sell there.

1632. Do you think that a Spirit obtained from Malt is considerably better than that made from raw grain?—There is no doubt of that; there is a certain proof of that from the quantity made use of in Scotland, in comparison to the quantity previous to the Drawback being allowed.

1633. How are you able to decide that, when you know that the grant of the Drawback was attended with a material reduction in the Duty?—Because the Spirit from the Drawback is made pure and good, and it answers the same purpose for which the smuggled whiskey was got from the Highlands, and there has been a great increase of those Spirits in a legal manner.

1634. Was the smuggled whiskey in Islay formerly made from bere or from oats?—From bere.

1635. Can you state the difference in the market in which you sell between the Malt Spirit, such as you are in the habit of making, and the raw corn Spirit of the distillers?—We get for the qualities we produce about 9s. at the present time, 11 over proof; and I believe the raw grain is something under 6s.; I am not much in the habit of inquiring what the price of raw grain Spirit is.

1636. Do you think that the superiority of Malt Spirit is such, that it will enable you to maintain in the markets of Glasgow and Edinburgh as great a difference as that?—If it was not the case, the trade would never be foolish enough to give us the superiority; the merchants are as well aware of the difference as we can be, and if it did not suit the palates of their customers, they would not give us so high a price.

1637. Do you sell much of your Spirits in the Island of Islay?—Very little.

1638. What is the price at which they are selling there?—About the same price as in Glasgow.

1639. The consumers of whiskey in the Island of Islay pay that amount?—Yes.

1640. In what shape is it chiefly consumed?—In drams, and toddy and grog.

1641. In which shape is it chiefly consumed?—According to the persons who drink it; the common people drink it raw, and those that choose to drink it in toddy, if they can afford sugar, may please themselves in doing so; I should think there is more of it consumed in the common way by drinking it raw.

1642. In what shape would the difference of quality be most perceptible, in drinking it in drams or punch?—In punch or water the difference would be more perceptible.

1643. Therefore to the consumer in the Highlands, who drinks drams, the superior quality is of less consequence?—No; I think if drunk raw, the qualities of our whiskey would be less hurtful to the stomach than that from raw grain; it is more palatable, but there are some persons who would not drink water with their Spirits at any rate, but they would not take a coarse Spirit if they could get fine.

1644. A man who drinks a dram would have more difficulty in discovering whether it was a pure grain Spirit than in punch?—Proper judges, I know, in

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Glasgow and Edinburgh, can immediately, without tasting the Spirit at all, ascertain the difference in quality from the flavour; indeed the best judges I know just put it to their lips, not with water; if tried with water, the warm water may throw out any bad flavour in the Spirit more perceptibly than raw.

1645. Can you tell the difference between a pure Malt Spirit and mixed grain Spirit?—I think I could.

1646. Do you mean taking it raw?—Yes; I could readily tell the difference between the raw grain whiskey and Islay whiskey.

1647. Is there any raw grain Spirit drank in Islay?—None.

1648. The difference of price has no effect?—No, there has been comparatively little drank since the smuggling was done away; so little that they have no occasion to resort to the raw Spirit.

1649. You stated that you were of opinion that if the Drawback was done away with, smuggling would revive in the Highlands?—I did.

1650. Supposing the Drawback was done away with, and the Duty on Spirits generally were lowered, would that have the effect of preventing the revival of illicit distillation in the Highlands?—It would not.

1651. Why?—Because, as I remarked before, even should there be no Malt Drawback nor no Malt Duty at all, they would be deprived of the means by which they are enabled to carry on their business; they would be obliged to stop, and it would fall into the hands of a few of the wealthier distillers; and the demand for the article would be more than they could supply the dealers with; consequently the smuggler would come forward with his whiskey, and get a better price even than the legal distiller.

1652. Supposing the Drawback was done away with, and greater capitalists supplied the Highlands from legal stills, would not that prevent its reviving?—It is not the quantity that the people drink, but the temptation to gain; and the legal distillers that would have the business in their hands would be induced to smuggle Malt, or if deficient in their quantity, from using the same inferior grain as last season, they would have recourse to the smuggler to make up their required quantity. They would produce to the Low Country Spirit-merchant a Spirit to suit themselves to make a profit of; and this not serving the customer as he would wish to be served, he would be obliged to get whiskey somewhere or other from a smuggler.

1653. Is not the result of this system, that the Government supplies the capital to the distiller to carry on his business?—The Government has very judiciously granted a Drawback, so as to enable numbers to carry on trade that could not otherwise have done it. It is not the Government makes the allowance; the Drawback is nothing more than a debtor and creditor account; it is taken from you just now, and returned to you again.

1654. It acts as capital?—It does; literally speaking there is no Malt Duty, but the three half-pence on the gallon Spirits made from barley Malt, and two-pence on the gallon Spirits made from bere Malt; the Drawback is given to protect the Revenue, to insure the consumers of the distiller making a pure Malt Spirit.

1655. Why should the small distillers have this advantage?—They have the same privilege in the Low Country, if they choose to work from Malt in the same way.

1656. It gives them an advantage over those who work from grain?—It gives them no advantage over the grain distiller, for he pays no Malt Duty in the first instance.

1657. Suppose there was no Malt Duty at all, what would be the effect?—Then there would be a return of the smuggling; there would be a fewer number of distillers.

1658. The reason you assign is, that the persons with capital would be the only persons who could go on with the business?—Yes.

1659. Therefore the persons who now compete with them are those who have a fictitious capital out of Drawback?—Not at all; every one who enters to work from Malt receives the benefit of the Drawback.

1660. You stated that all the officers employed in the Islay survey are Irish officers?—The two principal officers are Irish officers.

1661. How many distillers are there on the Island of Islay?—Twelve

1662. How many officers are there?—There is an officer at every work; and an officer of every district, and two supervisors; about twenty in number altogether;

gether; there is an officer permanent on every work, and an officer who makes a check survey.

1663. Is there not a general Riding Supervisor?—The general Riding Supervisor comes once or twice a year, as the Board directs.

1664. What do you mean by Irish officers?—They are Irishmen.

1665. When you say there are Irish officers, do you mean to state that they were removed from the Irish to the Scotch establishments?—Mr. Starkie, I believe, was.

1666. Are you aware that they were originally placed in the English establishment, and that they are in fact English officers, with the exception of birth?—Mr. Coggan was removed from London to Islay, and Mr. Starkie from Derry.

1667. You state that the removal of the Drawback would drive the small capitalists out of the market?—It would.

1668. And you state that your advance was only 40*l.* or 50*l.*?—Yes, on my little work.

1669. That is but a small sum?—If I get 50*l.* back, after making the whiskey and bonding it, I get the use of the Drawback; but if I pay Malt Duty, and bond the Spirits without the Drawback, I am obliged to use 40*l.* again, and the whiskey is lying here dormant; I am obliged to use 80*l.* where I should require but 40*l.*

1670. It is as if you drew a bill for 40*l.*?—If I get back my Drawback, it supplies a part of the money I have paid.

1671. If you were carrying on a natural business, you must have double that sum?—Yes; but I have stated before how the Drawback really applies.

1672. Are you under regulation of being obliged to produce a certain number of gallons of whiskey from a certain quantity of Malt?—Yes.

1673. Have you been charged in your work with an excess of the Duty for the Spirit produced?—No, we are rather under, in general.

1674. What is the general average of the produce of your Spirit from the quantity of Malt used?—I consider that in Islay, we will say, above ten gallons and a half, at eleven over proof, making 11.65 proof gallons.

1675. On what do you pay Duty?—On twelve, whether we produce it or not; we produce nearly half a gallon short; but we go upon the price that the quality of the whiskey commands.

1676. What does your Spirit cost?—The gallon costs me 3*s.* 6*d.* for Malt and Spirit Duty.

1677. Can you give any estimate of the cost of a gallon of Spirit?—It is very difficult to ascertain correctly that; because there are some people who manage their business on different principles from others.

1678. What is the average price you pay for bere?—Thirty shillings a quarter on the average.

1679. Are the growers of the corn near you?—They are scattered through the country, some near, some not.

1680. All the corn you use you buy in your vicinage?—No, we import some.

1681. From whence do you import it?—From Glasgow.

1682. Are you aware there is a considerable importation of Irish corn into Glasgow?—I am.

1683. Do you make any distinction in the importation?—If the distiller uses Irish corn he pays the barley Duty of 2*s.* 7*d.* instead of 2*s.*

1684. Do you use much Irish corn?—No, we have used Baltic corn sometimes.

1685. You say you were rather under than over the allowance of two gallons for every bushel of Malt?—We do not produce two gallons; only a gallon and a half.

1686. You were in the trade in 1826 and 1827, were you not?—I was.

1687. Were you similarly circumstanced in that year as you are at present?—Yes.

1688. It was a short production in that year, as it is now?—I cannot say, but I think this year the grain will be of superior quality; last year it was very inferior, and, taking the average, we are under.

1689. Are you apprised that in the year ending 1827 you returned as having produced 93½ gallons, and that, at the two gallons on the bushel, there is an overplus of 133½ gallons returned that year?—I do not understand the 93½ gallons; I rather doubt that statement; I cannot believe it.

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1690. What is the name of the supervisor from London?—Mr. Coggan.
1691. How long have they been in charge?—Mr. Starkie has been there for two years nearly, I believe, and Mr. Coggan came there but a short time ago, about four or five months ago.
1692. What do you reckon the expense of manufacturing your Malt?—The here Malt costs us about 50s., including the expense of turf, and labour and so on.
1693. From which you extract on the average 11 gallons and 65 parts?—Yes.
1694. Did you always use turf, or coal?—We use coal in the distillery, and turf for kiln-drying the Malt.
1695. You are allowed a Drawback of 1s. 2d. on barley Malt; suppose the Drawback was allowed in this way, that, instead of being paid back on Spirits, as it is now, you were charged 1s. 2d. Duty less on the Malt, and had no return, what would be the effect of that?—That would immediately do away with the making of pure Malt; it would encourage the legal distiller to smuggle Malt.
1696. Will you explain how it would have that effect?—If you were to take 1s. 2d. off the bushel of Malt, it would leave 1s. 5d. of a remaining Malt Duty, for which you would get no Drawback, and would raise the Duty of the gallon, with the 3d. that exists on the bushel just now, to 9d.; thus the distiller being obliged to pay a Malt Duty, and after honestly making that Malt into Spirits, would receive no Drawback, as a matter of course he would smuggle Malt.
1697. If you undertook to distil from Malt only, and an allowance was made in the mode of calculation of the original charge of Malt Duty, instead of being a re-payment of the Duty on the Spirits, on condition of charging you with less Duty on the Malt, you being under the same survey as you are now, but prohibited from selling Malt, and required to use the whole of the Malt you made in your distillery, what would be the effect of that?—It would take away the advantage we have in respect of the advance of capital.
1698. At what do you estimate that per gallon?—We should be obliged to advance the 1s. 9d. on that state of the law.
1699. Can you estimate the amount of advantage it is to you?—It encourages us to make nothing but Malt.
1700. Supposing this was put to you, would you rather have a diminution in the Duty charged upon the Malt, assuming that you should have nothing paid back upon the Spirit equal to 1s. 2d., being the same amount you have now, or would you rather have 1s. paid back upon the Spirit?—I would rather have the 1s. paid back upon the Spirit.
1701. Would you rather have 10d. paid back on the Spirit than the diminution of 1s. 2d. on the original charge of the Malt Duty?—I would rather have the 1s. 2d. paid back upon the gallon.
1702. Which would you rather have, a diminution on the original charge upon the Malt equal to 1s. 2d. on the gallon, or a reduction in the Duty ultimately paid upon the Spirit of 10d.?—I would rather have the diminution upon the Malt of 1s. 2d. per gallon.
1703. But you would rather have the diminution of 1s. on the Spirit than 1s. 2d. on the Malt?—That is not the law at all; it is 1s. 2d. on the gallon.
1704. You are understood to have stated, that if you had the option between those two arrangements, whether 1s. 2d. should be deducted from the original charge of Duty upon the Malt, if that was one thing offered to you, and you had another offered, whether you should have a diminution of Duty ultimately charged upon the Spirit of 1s., you would rather have the reduction of Duty of 1s. on the Spirit than of 1s. 2d. upon the Malt; would you rather then have a reduction of 1s. 2d. on the charge of Malt, or a diminution of 10d. on the Spirit?—If you take 1s. 2d. off the Malt, that leaves 1s. 5d. for the Malt Duty; that 1s. 5d. and 3s. 4d. the present Spirit Duty, would make 4s. 9d., and that would be 3s. on the Spirit, and 3s. 1d., that would make the whiskey cheaper. Whether it is better to reduce the Drawback to that, and reduce the Revenue, I am not able to judge; it would make very little alteration in the trade. We pay 3s. 5½d., and we should pay in that way 3s. 1d.
1705. The question is, at what you estimate the value of the advance of capital?—The advance of capital in the present view is very little; I have but to advance the difference between the amount of the Malt Duty and the Drawback; if I once commence work, I get on every period my allowance

ance back from the collector, and am enabled to take out so much Malt from the store, at the same time I am obliged to pay the 3*d.* in this way; and if I were only getting 10*d.* Drawback, it would be but trifling; it would not enable me to carry on my business to such an extent.

1706. You have stated that you thought if the Drawback was taken away, the distillers in the Highlands would be ruined?—Yes, I think they would; those that could carry on their business, having capital, would make money by it; but those who have erected distilleries and malt-houses, that have not capital to carry it on, would be obliged to stop, and the capital embarked in the building of those houses would be lost.

1707. The Committee suppose that the advantage held out to you is, that you pay 1*s.* 2*d.* less Duty upon the Malt than you would if you had no Drawback; do you think the distillers in the Highlands would be ruined if they had no Drawback whatever on the Malt calculated on the Spirit made, but were permitted to make Malt and use it in distilling, but subject to a Duty only of 1*s.* 6*d.* per bushel; that is, 1*s.* 1*d.* less than that now charged upon it?—In that view, they would not make the article so fine; they would not malt their grain to that extent, by doing away with the Malt Duty and giving no Drawback.

1708. Supposing, instead of giving you the 1*s.* 2*d.* Drawback upon the Spirit, we wished to reduce the Duty on Malt, what reduction would you expect as equivalent to the 1*s.* 2*d.* Duty?—I would expect 1*s.* 9*d.* upon the bushel.

1709. What is the Duty you pay on a quarter of bere?—We pay 16*s.* on bere.

1710. You receive a Drawback of 1*s.* 2*d.* a gallon, computing twelve gallons of Spirits to be produced from a quarter of such Malt?—Yes, making 14*s.*

1711. What is the average quantity you make in a year?—I made last year about 10,877 gallons.

1712. Which would you rather do, have the law as it at present stands, or pay 3*d.* a bushel on your Malt?—I would rather have the law as it at present stands than pay 3*d.* a bushel on my Malt.

1713. Why would you prefer that?—Because I get the use of the Drawback.

1714. What is the number of gallons distilled in the Island of Islay?—One hundred and forty-three thousand gallons.

1715. You state that you sell the greatest part of that you produce at Glasgow and Edinburgh; can you tell what quantity of Spirits manufactured in Islay are exported to Glasgow and Edinburgh?—The whole of that manufactured in Islay is sent to Glasgow and Edinburgh, and sent by the agents from thence to other quarters.

1716. What is the total quantity sent from Islay to Glasgow and Edinburgh?—Very nearly the whole quantity; there is very little consumed in the country.

1717. Can you state the number of gallons sent out?—I am not able to tell; perhaps there are not much above 400 gallons made use of in the country.

1718. What is the population of Islay?—Seventeen thousand souls; that is the amount of the population, men, women and children.

1719. Do you know what the average consumption of Spirits is, taking the population of Scotland generally?—I am not aware of the consumption; but I am aware of the quantity distilled in Scotland from the Parliamentary Returns.

1720. Does it not amount nearly to a gallon for each individual, man, woman and child?—I cannot say that is consumed in the country; I believe there are nearly nine millions of gallons distilled in Scotland at present.

1721. Do you consider from 400 to 500 gallons as sufficient for the consumption of all the persons who drink Spirits in Islay?—I think it will be nearly, to the respectable tenants; I cannot account for what they and their people will get; but I think that would serve the public-houses which have license to sell Spirits by retail.

1722. You have stated that the prime cost of the bere you make use of is about 50*s.*, 30*s.* for the cost of the bere, and 20*s.* for the expense of manufacturing it into Malt and the Duty?—Yes.

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1723. From which you produce 11 $\frac{1}{2}$ th parts of proof Spirits; what is the cost of the materials per gallon of proof Spirits exclusive of Duty?—Four shillings and four-pence and a fraction.

1724. What is the amount of Duty you pay on a gallon of Spirits?—Three shillings and sixpence.

1725. How do you make out the 3s. 6d.?—I have already given a statement of that.

1726. Does that arise because upon the average you do not produce twelve gallons of Spirits?—No, it does not arise from that; but from the receiving only 1s. 9d. back and paying 2s.

1727. Suppose there was no Drawback, what is the amount of Duty you pay upon the Spirits?—At present 3s. 6d.; 3s. 4d. the Spirit Duty, and 2d. arising from the Malt.

1728. If you produce 100 gallons to the officer, 11 per cent. over proof, what does he charge upon that per gallon?—Three shillings and four-pence.

1729. You receive 1s. 2d. back from that?—No; I pay 3s. 6d. after receiving the 1s. 2d.

1730. The 2s. is included in the 50s. the Malt costs you?—Yes.

1731. That makes 7s. 10d.?—Yes.

1732. From which is to be deducted, per gallon, 1s. 2d., the Malt Duty?—Yes, leaving 6s. 8d.; then the 3s. 4d. off, that makes 3s. 6d., which I say it costs every distiller working from here and bigger.

1733. If there was not any Drawback on Malt, your Spirit would cost you, for the expense of material and Duty, 7s. 10d.?—Yes, without the Drawback.

1734. Those Spirits you sell at 9s., 11 over proof, a gallon?—Yes, at the present time, under the present law.

1735. Should you not consider that 1s. 2d. per gallon was sufficient to cover the expense of the manufacture, and the amount of a fair profit to the distiller?—One shilling and twopence would not cover it.

1736. What do you reckon the expense of distilling?—About 1l. a boll or quarter, that will be 2s. a gallon; the expense of making a gallon and sending it to market. Without going into a calculation of the fuel consumed and the number of hands employed, I could not state the expense per gallon; but every quarter we work costs us about 1l. before the Spirit is clear from us in the Glasgow market.

1737. Will you undertake to say that the expense of distilling amounts to more than 6d. per gallon?—Yes, it is more than sixpence with us.

1738. How much more?—It will be nearly 1s.

1739. Do you deduct the value of the offal in that?—No, we have no market for our offal in the Highlands.

1740. Do you not feed cattle?—We do not feed more cattle than we should keep independent of that.

1741. Is it all wasted?—No, it is given to the cattle; but we are so far from a market, it is not profitable to fatten cattle with it; we are rearers of cattle, not feeders.

1742. Do you mean to say, if you had no Drawback on Spirits, costing you 7s. 10d. for Spirit and material, you could not afford to sell them to your customers in Islay at 9s., 11 over proof?—If they cost 7s. 10d. between the Duty and the material; but the market in Islay is but trifling; we have to send it to Edinburgh or to Glasgow; it costs us 2d. a gallon to get it to Glasgow.

1743. Do you include in the 1s. the expense of transport?—If it was brought to 7s. 10d., the one half who are carrying on the business would not be able to make it answer; if it were monopolized into the hands of a few, they would make it answer, of course; but the persons now engaged could not make it answer.

1744. You stated your price at Glasgow at 9s.?—Yes; there is some at Glasgow has been sold at 8s. 6d. according to the state of the distiller requiring funds and so on.

1745. What is the price of Lowland Malt whiskey there?—The best Lowland whiskey is about 7s. to 7s. 6d. a gallon, and up to 8s., the best sold in Glasgow.

1746. The difference between the one and the other goes to you for the expense of manufacture and your profit?—Yes, and the expense of bringing the material to us and of carrying back the Spirits.

1747. If

1747. If the Drawback was taken away, that advantage would remain to you over the Lowland distiller?—Yes, if the whole could go on; but if it was in the hands of a few, they would destroy the quality of the Spirit they could make for the sake of gain; the end would be, that the Spirit merchant would not find himself served as he is at present, and he would apply to the smugglers.

1748. Have you been making your calculations upon the proof gallon, or upon the gallon over proof?—On the proof gallon.

1749. You say you made last year 10,000 gallons; has the average been above 6,000 gallons?—I cannot state that, without looking through the account.

1750. Did you make so much the year before?—No, not so much.

1751. Was the difference considerable?—I cannot say.

1752. You are returned as making 6,000 gallons in the year ending 10th October 1827, the amount of Malt being 3,000 $\frac{1}{2}$ bushels?—That statement is quite wrong; I used much more Malt than that; I wrought from here only.

[The Account referred to, the Parliamentary Paper, No. 561, for the Session of 1828, was shown to the Witness.]

1753. Your market, you say, is Glasgow and Edinburgh?—Yes.

1754. You sell but a small quantity, if any, at home?—Very little indeed; I do not sell much; I am not aware what others are doing.

1755. Suppose you deduct from the Malt you use, its Duty, can you give a calculation what you estimate the cost of the gallon of Spirits, taking it as if a ship came and took it on board at Islay without any further expense to you?—If I was to enter into a calculation just now, I should perhaps mistake; but I know what it costs me before I can send it to Edinburgh or Glasgow.

1756. What would it cost you?—It will cost me about 5s. before I sell it, if I paid no Duty on Malt or Spirits; and I believe it costs the majority of the distillers of Islay as much.

1757. How do you make up that account?—I make it upon a calculation of a quarter of grain; the actual cost of a gallon from the grain will come to 3s.

1758. Excluding the Duty on Malt and the Duty on Spirit?—Excluding every Duty altogether.

1759. And excluding the cost of manufacture?—Yes, excluding the cost of manufacture.

1760. What is the cost of the manufacture?—I consider that it would take half a ton of coals for the manufacture, and I allow for the turf and for the labour and malting 4d., which will come to 1s. 2d. a gallon; that comes to 4s. 2d., besides my own labour, and my men's labour, and mashing, and fermenting, and distilling, which, I suppose, will bring it up to about 5s.

1761. You were understood to state the Duty and the expense of making Malt was 20s.; that means taking the Duty 16s. on bigg; you have taken the cost of making the Malt at 4s.?—Yes, by the quarter.

1762. Is it the proof gallon you are speaking of?—I speak of the gallon at eleven over proof.

1763. Will you reduce that to the proof?—If the price of the gallon costs 4s. 2d., at eleven over proof, it will come to 3s. 8 $\frac{1}{2}$ d. at proof.

1764. What is your rule to reduce from that to proof?—I multiply by 111.

1765. You have stated that the sale price of the Spirits is 9s.?—It is about that at the present time.

1766. What Spirits are you speaking of?—The Islay Spirits.

1767. Do you speak of eleven over proof, or the proof gallon?—Of eleven over proof.

1768. In speaking of 9s., is that the price of proof Spirits, or of the eleven over proof?—Of the eleven over proof Spirits.

1769. You have stated the price of the Lowland Malt Spirits at 7s. 6d.; what is the price of the common Malt Spirits?—I believe the price is from 7s. to 8s.

Mr.
Dennis M'Eachern.
21 September,
1831.

Veneris, 23^a die Septembris 1831.

Mr. James Steele, called in; and Examined.

Mr.
James Steele.
23 September,
1831.

1770. WHAT office do you hold in the Excise?—That of Surveying General Examiner.

1771. Has your duty called you much to Scotland?—No, it has not; I have been only once in Scotland during the last eight years.

1772. Have you been much in Ireland?—I have never been in Ireland in my life.

1773. The nature of your duties gives you an opportunity of being acquainted with the collection of the Revenue in different parts of the country?—I know something of it.

1774. Can you, from your knowledge of the general regulations of the Excise, be able to speak to the possibilities and probabilities of fraud that might be committed under the present Acts of Parliament in Scotland?—Perhaps I can.

1775. Will it fall within your power to state whether any discoveries, and what, have taken place with regard to frauds which have occurred in Scotland?—There are many frauds in Scotland and in England too that I have no opportunity of knowing any thing about; they do not come through my department at all, unless there be some doubt about the facts, and the Board require to have a report upon them.

1776. Has it come to your knowledge that frauds to any amount have taken place in the exchange of barley for Malt in any distilleries in Scotland?—I have heard of only one instance.

1777. If many such instances had occurred, would they have come under your knowledge?—I think I should have heard of them.

1778. Are you acquainted with the extent to which illicit distillation was carried on in Scotland previous to 1821?—Yes; previous to 1821 I know it was carried on to a very considerable extent.

1779. Can you inform the Committee whether illicit distillation ceased in a great degree after 1821, and at what time the alteration took place?—I believe it has diminished very much since 1821; and so far as I can learn now it is nearly annihilated.

1780. Were you in Scotland in 1824?—No.

1781. You cannot speak to the extent to which traders abstained from purchasing Spirit during the year 1823?—No, I cannot.

1782. Have you ever been in Ireland?—I have not.

1783. Are you acquainted with the Revenue laws in Ireland, and how they are conducted?—I know something of the Revenue laws of Ireland.

1784. Do you know that there was a great deal of illicit distillation carrying on in Ireland, about the same period you speak of its having been carried on in Scotland?—I have heard so, but I cannot speak particularly to that point; I lived in Scotland previous to 1823.

1785. Have you heard whether that propensity to making illicit whiskey in Ireland has been abated latterly?—I cannot speak positively to that point.

1786. In what rank in the Excise were you in Scotland in 1823?—I was a General Supervisor of Excise.

1787. Did it fall within your duty to look after private stills?—Yes, occasionally.

1788. In what part of Scotland were you Supervisor?—In several parts, but latterly in Leith; I was also a good while in Glasgow as an officer, where in one year, about 1814 or 1816, I recollect that, for a good many months, in looking over my notes, I found I had myself detected at the rate of five in a fortnight.

1789. Do you know whether, after the passing of the law in 1821, by which the Malt Drawback was allowed, the number of stills seized in the Highlands was greater or less?—I believe the number decreased very much after 1821.

1790. You cannot speak to that yourself?—Not positively.

1791. When you say, if there had existed much fraud you would have heard of it, do you mean to say that you had any other means of hearing of it than from your situation in the Excise, that it must have come under your knowledge; if it had not been found out by the Excise, it would not have come under your knowledge?—No, certainly not.

1792. Then

1792. Then all you know is, that no such reports reached the Excise?—Just so.
 1793. You have no personal means of knowledge whether there were frauds connected with the Malt Drawback or not?—No.

1794. If a fraud of this kind, namely, the substitution of grain for Malt, is discovered, are you aware what is the amount of penalty on the trader?—I think the penalty is 200*l.* and the loss of the Drawback during the remainder of the license.

1795. What reward is given to any person who gives information of such a fraud?—If a penalty was recovered, the costs would be deducted from the amount, and the remainder divided between the King and informer.

1796. Malt is a very bulky article?—It is.

1797. Would it be possible to effect a fraud of this kind without a great number of persons being engaged in the transfer?—I do not know that a great number of persons would be necessary, but several I should think.

1798. Are you aware that there has been a late discovery in Scotland of fraud being committed by the admixture of raw grain with Malt?—Yes, I am.

1799. Is that the sort of fraud you allude to, when you say that a number of persons must be employed to effect that fraud?—I am not aware, in that case, that there has been any substitution. I have seen the statement, and the statement is, that there has been an addition, that unmalted grain was found in the hopper.

1800. In that case there would be no substitution, but fraud would equally have been committed?—Certainly.

1801. Are the Committee to understand that in such a case as that many persons would not have been required?—It must have required persons to bring the grain there and to have put it in.

1802. Would it have been illegal to have brought the grain there?—I cannot answer that question.

1803. Is it illegal to have raw grain on the premises of the distiller?—I am not aware that it is illegal to have raw grain in an unground or unbruised state.

1804. Is it easy to detect a mixture of raw grain with Malt?—If the quantity is considerable, I think it is not difficult.

1805. Suppose it is not considerable, is it easy to detect it?—No it is not; for in Malt there may possibly be back lyers, as they are called, that is, grains which have not malted, and which remain in the state of barley.

1806. You have heard of very few detections in Scotland?—I have heard of only that one.

1807. May not the fact of few or any as to frauds on the Malt Drawback be accounted for from the difficulty of discriminating between the Malt and mixed grist?—I should think if the frauds had been carried on to any considerable extent, there would have been more detections than one.

1808. How many Surveying General Examiners of the first class are there?—There are six.

1809. Have the goodness to name them, and state which of them are English, and were in the English Excise before the consolidation of the two Boards?—William Hetherington, Thomas Bett, William Baker—those are Englishmen; Daniel Logie, G. William Foster, and myself; Mr. Logie and Mr. Foster are Irish, and I am from Scotland.

1810. Will you state of the English who were in the English Excise before the other two were annexed to it?—The three first mentioned.

1811. Who were under the Scotch Excise Board?—I belonged to the Scotch department before the junction of the Boards, and Mr. Logie and Mr. Foster belonged to the office in Dublin.

1812. What are your salaries?—Five hundred a year.

1813. What is your attendance generally at the Office of Excise?—From nine in the morning to three or half-past three in the afternoon.

Mr. Donald McEacharn, again called in; and Examined.

1814. YOU stated that you make your own Malt for distillation?—I do.

1815. Do you do it on premises contiguous to your distillery?—I do.

1816. After the grain is malted, it is put into a Malt store?—It is.

1817. Describe the situation of that Malt store. Is it on the ground, or in a loft?—It is in a loft.

1818. Have you any opportunity, if you were disposed, of introducing raw grain into that Malt store?—No.

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1819. There

31c.
James Steele,
 23 September,
 1831.

Mr.
Donald McEacharn.

Mr.
Donald MacEclair.

23 September,
1823.

1819. There is no raw grain kept above that Malt?—No.

1820. Is it not the case, that from the distillation from Malt, a good deal of light inferior grain is brought into consumption, which would otherwise be unsaleable?—There may; but I am aware it is every distiller's advantage to purchase sound grain if he can, and not to purchase bad grain. There may be instances of it.

1821. Could the distillers not make use of grain in consequence of this Malt Drawback, which would otherwise be comparatively of little value?—I do not see that the Drawback affects the use of worse grain.

1822. Is there not a lighter description of grain used for malting?—The description of grain we use in Islay is lighter than barley; it is bere.

1823. Do you use any Orkney grain?—No, I never did.

1824. Where is the bere you use mostly grown?—Mostly in Islay.

1825. Have not many small distillers, in consequence of the regulations about the Drawback, been induced to erect works which would be a total loss if the Drawback were taken away?—Yes they have. I stated that before. I stated the reason likewise that, in my opinion, the distiller getting credit with the collectors for the allowance made by law on the gallon of Spirits, he is enabled to carry on the process of distillation without the use of much more capital than the allowance.

1826. Do you consider that as affecting only the limited capitalists?—It would be fatal to the limited capitalists. It affects all.

1827. If those were thrown out of distillation, all their premises erected for the purpose of malting would be a total loss to them?—Yes.

1828. When was the Drawback granted?—I believe in 1821 first.

1829. When were the principal part of those buildings erected?—They have been erected since 1823.

1830. In 1823 the Duty was reduced?—Yes.

1831. What leads you to suppose they were built in consequence of the granting of the Drawback, and not in consequence of the reduction of the Duty?—Because then the smuggling began to cease, and there were more legal traders commenced.

1832. When did the smuggling begin to cease?—Since 1821 it began to decline; but since 1823, it has been more effectually done away with; of course the reduction of Duty had an effect as well as the Drawback.

1833. Do you mean to say that the quantity of spirits legally made increased after 1821, before 1823?—It might have increased a little after 1821, but it did not increase to any great extent till 1823.

1834. Are you certain that it increased at all?—I cannot speak to that.

1835. Do you mean to state that the quantity of Malt used had increased?—I believe it had, but I was not in business myself at that time.

1836. Had not the decrease of illicit distillation been gradual since 1816?—No; from 1816 to 1821, it was at its highest; there was more illicit distillation than we had ever known before; for the Duty on the Spirit and on the Malt was at the highest.

1837. Has it fallen within your knowledge, that during the year 1822 there was a contemplated alteration in the distillery law, which was pretty generally known?—Yes, it was generally known that an alteration was about to take place.

1838. Then the persons who intended to erect distilleries on the stopping of smuggling, would not build their distilleries till they knew what the new law was to be?—Of course not.

1839. Are you aware whether, during the year 1822, the whiskey dealers in the Low Country markets abstained from laying in stocks?—I am aware they did not purchase to the extent that they consumed of the article required, owing to the contemplated change.

1840. Are you aware from what day the Act of 1823 came into operation?—On the 10th of October 1823.

1841. Are you aware what day of the week that was?—I do not recollect.

1842. You are not aware how both the distillers and the Officers of Excise were employed from the 10th of October to the 13th, whether any of them were ever in bed during those three days?—I know they were kept very much employed during the first month after the alteration of the law; the sale and consumption of Spirits in Glasgow was perhaps four or five times the amount it had been previous; there was a complete run for Spirits immediately after the alteration.

1843. Have you at present on hand any quantity of Malt from last year which was an inferior crop?—I have none.

1844. No

Mr.
Dennis B. Eschman.

23 September,
1851.

1844. No instances of smuggling of Malt have come under your observation?—Not since the Drawback has been granted.

1845. You have not heard of any?—Except what was done by the smugglers.

1846. The effect of the Drawback is this, that the smuggler would be obliged to pay the Malt Duty, which the licensed distiller gets returned to him?—The smuggler would pay no Duty at all.

1847. If there is no Malt smuggling, if a man distils Malt Spirit illicitly, he would be obliged to pay the Malt Duty, which the licensed distiller gets returned to him?—No, not at all; the smuggler pays no Duty; he makes the Malt as well as the Spirit illicitly.

1848. As you are pretty well acquainted with the Highlands, is it not the fact that almost every small farmer has a kiln of his own?—Every farmer in the country has a kiln of his own.

1849. Is it not necessary in the Highlands that grain should be kiln-dried before it is sent to the miller?—It is so.

1850. Is it not general for every farmer to dry his own grain?—It is.

1851. You have said that if the Malt Drawback was taken away from you, a great number of distillers, who have set up in consequence of it, would be injured; whereabouts are their distilleries situate?—In the Highlands, and numbers of the smaller ones in the Lowlands.

1852. Do you know any in the Lowlands who have built their premises since 1821?—I could not say with accuracy. I know there have been a great number of distilleries erected since 1821 in the Low Country.

1853. They would be affected by an alteration of the law?—Yes.

1854. Is the Highland whiskey generally made from bere?—Almost the whole of the Highland whiskey is made from bere.

1855. Do you know any distilleries in Ross-shire?—I do not. I know in the Edinburgh market the North Country whiskey brings a higher price than the whiskey made in the Lowlands. I believe they make it from bere, as we do in the Lowland small distilleries; they may use barley too.

1856. What wages do you pay your labourers in Inlay?—I give the people that I employ in the distillery 7s. a week, and bed, board and washing besides.

1857. Will you explain the mode in which you obtain the advantage in the payment of Duty, which you understand to be equal to the use of a certain portion of capital; in what way is your Malt charged with Duty; is it as that of another maltster?—Yes, after it is made six weeks that it lies in the maltster's store, under the Excise lock and key; the maltster is not obliged to pay the Duty for six weeks, if he does not sell it before that; but allowing that it is sold, he must pay the Duty before he takes a bushel of it out. I am a maltster and distiller. I must give notice to the officer that I want a certain quantity of Malt out of my store. I must produce the Collector's receipt for the Duties on that Malt having been paid before I get it; say twenty pounds' worth. I commence distilling that into Spirits, and in the course of seven or eight days I get back this 20*l.* from the Collector, after the Spirits are bonded; with the exception of 3*d.* which is chargeable of course, I am in possession of nearly the 20*l.* again, which amounts to the use of that quantity of money to bring out more Malt. I consider that I could not put an estimate on the value of Drawback to the distiller in the Highlands, because we get back 1*s.* 9*d.* on every gallon which is made.

1858. The money you are paid back you have originally advanced?—Yes; then we must return it to the Collector and get more Malt, or allow it to lie in the Collector's hands, and he gives a certificate that we have credit with him for so much; so that we get on with our operations and bond the whiskey, and have no necessity to sacrifice it in a bad market, but can keep it and go on with the addition of a very little money.

1859. Is that the sole advantage you get?—Sometimes we have not puncheons which will take the whole quantity of Spirits distilled. There may be some left in the distillery Spirit cellar not bonded. Six days after the Spirits are made it must be bonded, or we must pay the Duty upon it. Then when we have the Drawback the officer always has a check upon us. He knows who have credit with the Collector; therefore it saves us the trouble of sending money constantly to pay for these Spirits.

1860. You seem to give credit to the Malt Drawback for that which is fairly derivable from the bonding system?—No; the Drawback is given to encourage the making of Malt Spirits, and to allow the maltster to go on as the raw grain

distiller

Mr.
Donald MacEwen,
23 September,
1881.

distiller goes on. If we pay the Malt Duty first for the making Malt, we get it back, with the exception of the three-pence on a bushel. It is put into the hands of the Collector to protect the Revenue, and encourage the trader to make Malt.

1861. In case of your deficiency of pancheons, you entry to the credit of the Drawback that which is attributable to the bonding system?—The Drawback is favourable to the whole.

1862. Are you aware that Mr. Fraser, of Brachlay, advertised for 2,000 quarters of Norfolk barley, to be delivered at his distillery?—I am not aware of it.

1863. You stated on Tuesday that you were in the habit sometimes of working from Baltic and Irish barley?—Yes, when we are short of grain in the country.

1864. What Duty is payable upon that?—I bought not Russian barley, but Russian bere; it was subject only to the Duty on bere.

1865. You spoke of the existence of smuggling in 1816 and 1817 to 1821; what age were you then?—I stated that I have the knowledge of it, which I have from my father and others being distillers, but not that I was aware of it myself.

1866. Do you know any thing of the trade of Glasgow?—I do.

1867. Do you mean to state that there is no fraud in the trade at Glasgow?—I believe there is none. The only instance I have heard of was one detected lately. The person will be very severely punished for it, no doubt.

1868. You state that the Russian grain you use was Russian bere, and that you were charged Duty only accordingly?—Just so.

1869. Is it not necessary under the law you should have a certificate of the grower to entitle you to it?—Yes, it is.

1870. What certificate had you in that case?—I had a certificate of the merchant from whom I bought it, that it was only bere.

1871. If the Duty was only 3d. per bushel of Malt, instead of 1s. 5d. with a Drawback of 1s. 2d., what difference would it make to your trade?—I do not understand the 1s. 5d. We never paid a Duty of 1s. 5d.

1872. You say you pay only 3d.; 1s. 2d. is 3d. less than 1s. 5d.?—I beg to say I do not understand the question at all.

1873. Have you made the calculations you were desired to make?—I have. I take eight bushels of bere Malt, at 30s. I calculate the turf, the labour, the malting, &c. at 4s.; coals, yeast, barn and labour in distilling, 10s.; which comes to 44s., or one gallon of proof Spirits at 3s. 9½d.

1874. Are you aware that by the Act of Parliament bere or bigg ought to be of the growth of Scotland, to entitle it to be received at the reduced Duty?—I was not aware that it ought to be of the growth of Scotland, but I am aware that the Irish bere is chargeable with barley Duty if wrought in Scotland; but I was not aware that any other grain was.

1875. In the Act of 21 Geo. IV. and 1 Will. IV., cap. 31, it is enacted, "That the bere or bigg mentioned in the said recited Acts respectively is bere and bigg of the growth of Scotland only, and that the bere or bigg in this Act mentioned, and on which, when malted in Ireland, the Duty of 2s. only for every bushel thereof under the provisions of this Act is to be charged, levied and collected, is intended to be bere and bigg of the growth of Ireland only, and that the full Duty payable on Malt other than Malt made from bere or bigg only shall be levied and paid on every bushel of Malt which shall be made in Scotland and Ireland respectively, from any corn or grain other than bere or bigg grown in Scotland and Ireland respectively, and made into Malt for consumption in the country producing the same;" if officers are in the habit of allowing Russian corn to be malted as bere or bigg, must they not have been guilty of a gross breach of duty?—One would suppose so: I was not aware that there was any prohibition but for Irish bere.

1876. The Malt Drawback is paid upon the Spirit itself?—Yes.

1877. Have the Excise Officers the means of knowing the Russian bere from Scotch bere?—No, there is no difference.

1878. Could they have been aware, when they gave you the Drawback, that it was Russian bere?—I cannot recollect; we gave them certificates from the merchants in Glasgow that it is nothing but bere.

1879. Do the certificates import that it is Russian bere?—I am not certain whether the term Russian bere is imported, but in Glasgow they are constantly in the habit of working on bere from the Baltic.

1880. Is the Drawback given on all that bere?—Yes.

1881. Ought

1881. Ought not the certificate to be from the grower?—Yes; but it is impossible for us to get that in the market at Glasgow when we purchase out of a store.

1882. Did the certificate given to the officer in that case show it was Russian here?—He could not know it unless I told him it was so. The fact is, that the merchant in Glasgow told me it was Russian here, and that he had it in the store mixed with Scotch and Irish here, and all sorts. I know there was a little part of it Russian. The merchant gives us a certificate that there is nothing but here: were it barley, the produce from it would be more than the quantity allowed by law, and I should have to pay the deficiency accordingly.

1883. Does the law require that a merchant should have a certificate from the grower that it is here?—I am not aware of that.

1884. When was the Drawback on Russian here given you?—During the course of my business.

1885. How far back was the latest Drawback you got on Russian here?—I do not recollect.

1886. Have you got any Drawback on Russian here since June 1830?—No.

1887. Do you recollect that when you were examined on a former day you were asked whether you consumed any Irish here or bigg, and you stated that what you consumed was all from the Baltic?—I never said so; I said I might have used a little of it, and I might have used a little Irish here got from the Glasgow merchant, when I had not a sufficient quantity from the country; that I used a little more than the country could afford to give me, and I was obliged to go to the Glasgow market for it, and there was Irish here imported there that I bought: I know it was Russian here, and I got a certificate from the merchant that it was nothing else but here.

1888. Do you mean to state that that was the answer you gave on the last day?—Yes, I believe it was.

1889. The question was as to the first cost of the Spirit in Scotland, with a view to contrasting that with the first cost of the Spirit in Ireland, and the supposition was, that you were consuming grain made in Ireland; but you replied that the here you consumed you bought at Glasgow, it having been imported there from the Baltic?—Very little that I ever wrought; but I say I bought both grain imported from the Baltic and from Ireland, which I bought in the Glasgow market.

1890. When was the latest period of your working foreign here or bigg?—I got no grain from Glasgow of that description since June 1830.

1891. When was the last grain you got from Glasgow?—It was shortly previous to that. I think there was some grain ordered for me when I came here from Glasgow. I have not got any from Glasgow since June 1830.

1892. What quantity did you get from Glasgow at your last importation?—I do not recollect exactly.

1893. About what quantity?—About from 100 to 200 quarters, I suppose.

1894. How was it brought to you?—In a vessel.

1895. What kind of vessel?—A sloop.

1896. What was about her tonnage?—She is a vessel of about 70 tons; a packet.

1897. Had any body any cargo on board her but you?—Yes; a good deal more.

1898. Can you come nearer the quantity you got?—It would be about 150 quarters, I think.

1899. Can you tell, with any thing like precision, when that was?—It was some time in the spring of last year; I believe in the beginning of the summer.

1900. Where have you got your grain since?—In Islay.

1901. Have you had none but what was grown in Islay since?—No, except that which was ordered lately from Glasgow.

1902. That had not arrived when you left?—It might have been in Islay before I left Scotland.

1903. Some of that may be Irish?—It may be, for any thing that I am aware of.

1904. Some of it may be Baltic?—Yes, and some of it may be Scotch.

Mr. William Aitchison, again called in; and Examined.

1905. HAVE you distilled from here and bigg made into Malt?—I have.

1906. The law supposes you get twelve gallons produce from that?—Yes.

1907. And sixteen gallons from barley Malt?—Yes.

1908. What produce did you get from that here and bigg Malt?—Sixteen gallons.

295.

Mr.
William Aitchison.

31.
William Ashburn.
 43 September,
 1831.

1909. Just as much as if it had been barley?—Not so much as if it had been barley, but as much as the law required from barley. I may add that I never malted here under the here Duty, but always paid the barley Duty upon it.

The Right Hon. *Thomas Frankland Lewis*, a Member of the Committee;
 Examined.

The Right Hon.
T. F. Lewis, &c.

1910. HAVE the goodness to state to the Committee, whether the attention you have been called upon to pay to this subject has enabled you to form an opinion as to the mode in which the difficulties may be got rid of?—It appears to me that the regulations for securing the Malt Drawback are not such in practice as were originally contemplated by the Commissioners of Revenue Inquiry. Whether fraud is actually committed upon them or not, I do not undertake to decide, nor have we had sufficient evidence before us to enable the Committee to decide; but it is abundantly evident that persons willing to commit fraud have an opportunity of doing so if they set about it in earnest. That appearing to me to be the case, I think that it must be desirable to provide a remedy, as far as it is possible, inasmuch as it is a great object in all the Distillery Regulations, to maintain a free intercourse between England, Ireland and Scotland, in Spirits, and that that cannot be done if frauds are committed upon the Revenue in one country and not in another, or in a greater degree in one country than in the other; and I still retain the opinion that the Commissioners originally entertained, that it is desirable, if possible, to obtain a supply of Malt Spirits for the consumption of the Highlands of Scotland; and I still think that it is desirable to give them some diminution in the Duty payable on Malt, in order to prevent their being liable to an additional Duty on Malt Spirits, amounting to the whole Duty now chargeable upon the Malt. I think that might be accomplished in this way: In one of the distillery laws the country was divided into three parts, with reference to the distillery Duty; Great Britain is now divided only into two; the difference of Duty operates on the boundary between England and Scotland. I think that it might be desirable still to admit the Drawback, but to confine it to what was called the Highland line. I would propose for consideration, that any distiller above the Highland line, wishing to distil from Malt only, should be permitted to do so, provided he entered his premises for distillation solely from Malt; that he made his own Malt in a malt-house closely connected with and attached to his distillery premises; that he should not be permitted either to sell Malt or to purchase Malt; that there should be the strictest survey possible upon his premises, so as to prevent any Malt being removed from them; that instead of having a Drawback on the Spirit as at present, the allowance made to him should be upon the diminution on the original charge on the Malt; and as it is believed that a bushel of Barley Malt produces two gallons of Spirit, I should propose he should be charged with 1s. 7d. Duty on the Malt, which would be equivalent to a reduction of sixpence on a gallon of the Spirit, on any Spirit to be consumed above the Highland line. I should propose he should be permitted to sell freely, and that he should be permitted to send Spirit over the Highland line, or into England, or into Ireland, provided only that he sent it from bond, that he sent it accompanied by permit, and that he sent it in a cask containing not less than 80 gallons, and that when delivered over the line, it should be charged with sixteen-pence Duty, which all persons making Spirit over that line would be chargeable with. It appears to me, from the Evidence that has been given to the Committee, that if the Malt Drawback is altogether taken away from the distiller in the Lowlands of Scotland, there will be a difficulty in preventing a supply of that market of Malt Spirits from illicit distillation, if Malt Spirits are to be exposed to an additional price of 1s. 2d. per gallon. I think therefore that it will be necessary, in order to check the illicit distillers both in Scotland and in Ireland, to make a diminution of the Duty on raw grain Spirit at the rate at which it now stands, which is 3s. 4d. I should propose, therefore, that the Excise should be called upon to state what would be the effect of repealing the present Malt Drawback, limiting it in the way I have suggested in the previous part of the answer; and accompanying that repeal with a diminution of the Duty on all Spirit distilled in Scotland and in Ireland of 4d. per gallon, that is to say, putting it at 3s. instead of 3s. 4d. As far as I can understand it from the Accounts before the Committee, it appears that the amount paid as Malt Drawback last year is 334,000*l.* I should think that under the regulations I have suggested, it is probable the diminution of Duty, as a reduction of Duty on

Malt, would hardly amount, probably, to 100,000 *l*. It appears further, that the Spirits consumed in Ireland and in Scotland annually may be taken at 15,000,000 of gallons, and 4 *d*. per gallon upon that would reduce the Revenue 250,000 *l*. I think, therefore, looking at this roughly, that the gain to the Revenue, by getting rid of the Drawback, would be pretty nearly equal to that which might be assumed to be the loss by the repeal of the 4 *d*. I hope that by lowering the Duty 4 *d*. illicit distillation generally would be lessened, and that by the mode pointed out advantage might be given above the Highland line to distillers from Malt only, which might be given safely and without the probability of fraud, and at the same time prevent the re-creation of the illicit distillation in the Highlands. This mode of dealing with the subject has occurred to me. I cannot pretend to say that I am sufficiently informed upon the subject to form a decided opinion upon it, but I would take the liberty of proposing that this plan I have humbly thrown out may be submitted to the Excise department, and their opinion taken upon it.

The Right Hon.
T. F. Leveson, M. P.

27 September,
1831.

Luna, 26^a die Septembris 1831.

Mr. John Harvey, called in; and Examined.

1911. YOU are a distiller at Glasgow, are you not?—In the neighbourhood of Glasgow; at Yoker.

1912. Do you carry on the trade in a great degree?—We make about 130,000 gallons per annum. I have been in the trade all my days; I began in 1806, and my father was also a distiller.

1913. Have you distilled from Malt only?—For the last five or six years we have distilled from Malt only.

1914. Are you connected with any raw grain distillery?—Not except through relationship. I am partly connected with one house, but not publicly connected.

1915. Are you concerned in the business?—It is difficult for me to answer that question. I have a sister who is a principal proprietor in a grain distillery, and which my brother manages. Perhaps I would derive some profit from it, but it is principally from relationship that I am connected with the business.

1916. Is that distillery that you have spoken of near you?—It is about seven miles distant; McFarlan & Company is the name.

1917. You have stated that you are a Malt distiller, and that you have worked from Malt only for these last seven years; will you state to the Committee the checks that at present exist over your trade by the way of Excise or otherwise; will you have the goodness to state the process that the Malt undergoes before it comes under your operation?—The Malt in my malt-house is surveyed exactly in the same way as Malt made for general purposes, until in the operation it comes to the kiln, where it is still surveyed in the same way; but when it is dried, on notice given to the Excise Officer, he attends and sees it measured over into a secure store-room—measured by the bushel in his own sight, and he puts to our credit, for the purpose of distillation, the amount of bushels put into the store-room; but his charge arises from the highest charge, whether from the kiln-head or in the course of operation, so far as the payment of Malt Duty is concerned.

1918. Will you have the goodness to state to the Committee whether the Malt store into which the Malt is placed after it comes from the kiln-head is lathed and plastered?—Part of it is lathed and plastered, and in other parts planks and deals put close together and grooved into one another. It has been repeatedly examined by Collectors of Excise and Supervisors.

1919. Is that Malt store regularly examined by Excise Officers who are upon your distillery?—Regularly.

1920. Have you any barley store above your Malt store?—None.

1921. Would it be possible for you whilst in that Malt store to abstract a board, and to mix raw grain with and under that Malt without being discovered?—Impossible. Without a strict survey I might possibly do it.

1922. Do you undergo a strict survey?—I do.

1923. Have you ever been accused or suspected by the Excise of having so mixed your grain?—Never that I know. Never was there any accusation brought against me.

1924. Are you in the habit of using the Malt made on your own premises?—

Yes.

P 3

Mr.
John Harvey.

26 September,
1831.

Mr.
John Harvey.
25 September,
1831.

Yes. We sometimes purchase a little more from maltsters who make it under the same regulations.

1925. What restriction does the Malt undergo in coming to your premises?—Each maltster must give notice to the Excise Officer of the number of bushels that he intends to send out; and we also give notice to the Excise Officer that we expect so many bushels, and at a certain hour, to be entered in the store-room of our premises. The Excise Officer of course attends at the maltster's and sees it measured. Our officer waits at our store-room and receives it measured by the bushel.

1926. In fact does the officer narrowly inspect that Malt on its arrival at your works?—Most narrowly.

1927. And ascertain the quantity so brought in?—Yes.

1928. And examines that no raw grain has been mixed with it during its transit?—Yes, he looks very narrowly into it.

1929. Do you conceive that it is possible, or not possible, that a fraud can take place in those transits, or while it is being removed and deposited?—I should think that the Malt would be liable to very little danger of that kind, because, in addition to the security, there must be Malt taken away and grain substituted in its place. It requires two operations. You must first remove Malt, and then substitute raw grain in the place of Malt. It is a bulky article, under the sight of all the servants, and under a vigilant officer I should think it would be very difficult to do it.

1930. Would it not require a great number of persons to do that?—To make it to a considerable extent it would; to a small extent it would not require so many.

1931. Are you aware to what penalty you would be exposed for so doing?—I think I should be exposed to a penalty of 200*l.*; besides it would raise up other penalties.

1932. Are you aware whether a person informing against a distiller receives any share of the penalty so enforced?—I am ignorant of that; I never knew any cases of that kind, and I have not heard from the Excise whether there is such an allowance given or not.

1933. Is it not the case in all the Excise penalties that the informer receives a half?—I am ignorant on that subject; I do not know whether it be the case.

1934. Are the persons employed in your distillery of the rank of common labourers?—The greater part are.

1935. Do you think that 100*l.* would be a great thing for them to receive?—I think it would be a considerable thing.

1936. Do you think, with such an object before him, a labourer would be long implicated in those frauds when he is aware, by giving information, he would receive 100*l.*?—I think he would certainly give the information, but, as I said before, it is a thing I am perfectly ignorant about.

1937. In point of fact, do you, or do you not, believe that frauds have been committed under this Act, granting the Drawback on Malt, to any thing like a quantity?—I think that frauds, if committed at all, have been in a very trifling degree; I have no knowledge of any commission of fraud on the Malt Drawback.

1938. Do you, as a Malt distiller, think that any distiller of high character would endanger the loss of that character by so acting?—I think if he were really of a high character he would not commit such fraud; but I think his own interest would prevent him from committing such frauds: we do not trust to one another for character preventing frauds; but I think under the checks of the servants and the bulkiness of the article, and many other regulations, it would be so dangerous that a distiller would not attempt it.

1939. If this Malt Drawback was done away with, are you aware what effect it would have upon the distillers in Scotland?—I think it would have a very injurious effect upon the distillers in Scotland; that it would reduce the quantity of Spirits sold to a great extent, and be a ruin to those who have made an outlay in the erection of Malt establishments.

1940. Are you aware what quantity of distilleries have been erected for the purpose of working under this Drawback?—There are a great number; I cannot particularise their number.

1941. Are you aware whether any barns have been erected?—Yes, I believe that many distillers have erected additional barns.

1942. And if this Act were changed, would it not render those additional premises useless?—They would be useless in proportion to the diminution of Malt
whisky

whiskey made in consequence of the change. If there was less Malt whiskey made, which I conceive would be the consequence, then, of course, part of the premises would be rendered useless to the distillers.

1943. Have you been able to learn of a proposal that was made here by an Honourable Member of this Committee?—I did hear something of it, but I do not know it distinctly.

1944. You cannot, then, give your opinion of how that proposal would act?—Unless I saw the proposal, I have not sufficient knowledge of it to give an opinion.

1945. You said that in this fraud it would require a double operation; are you not aware that it would be a single operation, that at the time you throw down the grain you take up the Malt?—You have Malt to take away to another place.

1946. Would not the carts that bring one take away the other?—They would have to unload them; the same carts might do that, but the Malt would have to be taken off in carts.

1947. There is an Exciseman always in your distillery?—Constantly.

1948. How many Excisemen have you constantly upon your distillery?—Two usually, but now three.

1949. Do you think, or not, that if he saw a cart loaded with raw grain he would take the liberty of examining it?—I think he would; most certainly he would interfere; and every body would be quite astonished to see it going on; it would be quite public.

1950. And the owner would be liable to 100*l.*?—More than that.

1951. Were you a distiller under the old regulation, when you distilled against time?—I was.

1952. Was not a considerable quantity of Spirit then carried into consumption which did not pay the Duty?—I heard so, but I had not any proof of it; I think that there was not so much carried into consumption free of Duty after the time that 16½ per cent. was required from the wash in the year 1806.

1953. Was that as much as they could make with all the working?—It was supposed that it was nearly as much as could be produced in Scotland; 19 per cent. was required in England.

1954. You apprehend that a quantity of Spirit was clandestinely carried into consumption free of Duty?—Yes, a considerable portion; the mode of survey was then loose.

1955. Notwithstanding the strictness of the practice which you describe, and the integrity of the persons employed, was there any difficulty whatever in carrying that clandestinely into consumption?—I believe there was not; it was before I began; I did not distil till 1806; that was the first year after that; but I know when I was a boy there was a good deal of smuggling, but it was overlooked by the Excise, and no information was given by the servants.

1956. But it was illegal?—In one sense it was illegal; the law was so loosely guarded, they could make great quantities.

1957. Do you know what was the state of things in Ireland previous to the law in 1803?—No, only from hearsay, and from having read part of the Evidence.

1958. Do you apprehend that a great portion of Spirit was brought clandestinely into consumption at that time?—I apprehend no doubt.

1959. That being the state of facts with respect to the Spirit, do you not conceive that the same principle might operate in changing the Malt into raw grain, notwithstanding the survey?—I think that with the same survey as there was in 1803, frauds might be committed any way; but that state of survey was not in existence after 1806.

1960. Is it, or is it not, your opinion, as a trader yourself, that over speculation has taken place to a great extent in the Spirit trade lately?—It has to a great extent.

1961. Are you aware that a gentleman of the same name as yourself has absolutely ruined himself by it?—I know that he has stopped payment, but I do not know the reason of it; I think he might explain it by the great sum that he has laid out in building works.

1962. Is it not your opinion that this system of over speculation would have the effect of reducing the article below its value, fully as much as if this system of smuggling continued?—I should think that over speculation makes the price lower than what is profitable for the trader; but if there were gross frauds, I think it would reduce the price too; each would work in its own way; both would reduce the price.

Mr.
John Berrey.

26 September,
1831.

Mr.
John Harvey.
28 September,
1831.

1963. From your experience as a trader, is it not a general consequence that this over speculation generally cures itself?—It does so, generally speaking; it has been long of cutting itself in our trade; I do not know when it will come about, but it must cure itself, or the distillers will be ruined.

1964. How long has that over speculation existed in Scotland?—I think that there have been scarcely any profits, as far as I know, in Scotland, since 1825. I know this only with regard to our own profits, that we have had a bad trade.

1965. Does that observation apply to the trade generally, or to distillers from Malt only?—Generally.

1966. You are a maltster as well as a distiller?—Yes.

1967. Do you consume all the Malt you make in your own distillery?—Yes; a distiller is not allowed to make any that he does not use.

1968. Where do you purchase the barley?—Part of it from Ireland, and part of it from Montrose, and sometimes from Dumfries.

1969. Do you principally use barley or bere?—Sometimes we use bere because it has been reported that it makes better Spirits, but of course under the name of barley; there is nothing to prevent your doing that in the law.

1970. What has been the average price of barley which you have used for the last twelve months?—I should think the malting barley 27 s., for six bushels, 36 s. a quarter; about that was for malting barley.

1971. The Duty for that was how much?—Two shillings and seven-pence a bushel; 20 s. 8 d. the Duty on the quarter.

1972. Is that way the Malt that you use costs you 56 s. 8 d., independent of the expense of manufacturing it into Malt?—Yes, about that.

1973. What do you consider the expense of manufacturing a quarter into Malt?—About 3 s. a quarter.

1974. That would make the expense of the Malt altogether, including Duty, about 60 s. a quarter?—It would be rather less than that.

1975. What has been your general sale price for the Spirits you produced the last twelve months?—From 6 s. 8 d. to 7 s., 11 per cent. over proof; and from 3 s. 5 d. to 3 s. 8 d. Duty free for Ireland, 25 per cent. over proof.

1976. Could you reduce that to the price of proof Spirits; take the sale price in Scotland?—About 6 s. 2 d. proof.

1977. What is the general produce of a quarter of barley in proof Spirits?—The Malt that we have is not equal to English Malt; we reckon it good Malt when we produce two gallons from a bushel. We have paid what is called deficient Malt repeatedly; we have produced more than two gallons frequently, and have been charged on that account.

1978. On the average of the year, do you produce sixteen gallons and a half from eight bushels?—I do not think we have.

1979. The Duty upon your Spirits is 3 s. 4 d. a gallon?—Yes; and we get a deduction of 1 s. 2 d.

1980. What do you reckon the cost price of a gallon of proof Spirits, taking the Malt at 60 s., independent of the expense of manufacture; the quarter of Malt is 60 s., from which you produce sixteen gallons of Spirits, that is at the rate of 3 s. 9 d. a gallon; divide sixty by sixteen, will give 3 s. 9 d.—Yes, it is so.

1981. The Duty upon a gallon of Spirits is 3 s. 4 d.?—Yes.

1982. If you add these together, that makes the cost of the Spirits 7 s. 1 d., and then deduct 1 s. 2 d. from that, which leaves 5 s. 11 d.?—I know the price is a paying one; but I have a different way of calculating in my own mind.

1983. You have stated that the expense to the manufacturer, after allowing expense for draft and dregs, would be 3 s. a quarter?—Yes, that would be a loss; there is an error in it. There is a considerable error in the price of Malt, because there is a considerable surplus of Malt on which Duty is paid, otherwise there would be more than two gallons.

1984. You mean that a quarter of barley will produce more than a quarter of Malt?—Yes, that would require to come into calculation.

1985. You state that the manufacture of Malt costs you only 3 s. a quarter?—I could get it done by a regular maltster for that.

1986. Do you conceive it possible that the trade should long have been in the same state of depression as it now exists?—There is not that loss upon it; there is scarcely any loss upon it, but there is no profit.

1987. If such a loss should appear to take place upon the statement of the price you have given, would not that lead to a belief that there are some persons conducting

conducting the trade fraudulently, to keep down the market so low as the present price is?—This calculation is made in a confused manner; I know that 7s. would be a paying price for 11 per cent. over proof; I know that that would be fair working. I beg leave to present a correct Statement of the Cost of Spirits from the present prices of Malt.

Price of purchased Malt, 45s. for 6 bushels, equal to 53s. 4d. per quarter of 8 bushels. The expense of making Spirits is 1s. per bushel, (the distiller having the benefit of draft and drag, amounting to 6d. per bushel) therefore, adding 1s. per bushel for expense to the price of the Malt, makes 64s. 4d. per quarter.

Two gallons of proof Spirits being the produce per bushel, 16 gallons will be the produce per quarter; consequently the cost of Malt Spirits is - - - 3s. 10d. proof.

Deduct Drawback - - - 1s. 2d.

2s. 8d. proof.

Equal to - - - 3s. 4d. 25 over proof.

Such Spirits sold in Scotland:

Original cost - - - 2s. 8d.

Duty - - - 3s. 4d.

6s. 0d. proof.

Equal to - - - 6s. 8d. 11 over proof.

And - - - 7s. 6d. 25 over proof.

1988. You said obscurely that you were interested in a raw grain distillery; where is that raw grain distillery situated?—At Port Dundas, up from Glasgow, on the Canal.

1989. What is the distance between the two distilleries?—I should think seven miles.

1990. Is Yoker upon the Clyde?—It is near the Clyde.

1991. Is there water carriage between the two?—By the Canal there is; Yoker is about a mile and a half, or a mile, from the Canal.

1992. What could you sell Malt Spirits at, 25 over proof, at a short price, so as to have a profit?—I should think we could sell at 3s. 7d. or 3s. 8d. so as to have a profit on Malt Spirits; that is, without the Duty.

1993. Has it been long that you have been enabled to sell so cheap as that, so as to have a profit?—I do not know how long.

1994. Would you have done it the last twelve months?—I should think so.

1995. Could you have done it cheaper at any time in the last twelve months?—No, the average price of barley has been nearly equal in the Glasgow market.

1996. Then you purchase your barley in the Glasgow market?—Yes.

1997. Are you aware that Irish barley is imported into Glasgow?—Yes.

1998. Do you make any distinction between the Irish and Scotch; is it as good?—It is not so good as the Dumfries or Montrose.

1999. There is some foreign barley, is there not?—We have not bought any in general; it does not malt so well.

2000. Are you aware, that by the calculation you have made, the short price of the Spirits is 3s. 7d. a gallon, the cost of making 25 over proof, taking the quarter of Malt at 60s.?—It would pay very well. It does not cost a shilling a gallon.

2001. You have sold at 3s. 4d., as appears by this invoice?—[The same being shown to the Witness.]—Yes, there was some sold at that. We made no offer to that same house at 3s. 7d. within these two or three days. I do not know whether it is accepted or not.

2002. Are you within the Highland boundary line, or without it?—Without it.

2003. In the month of May last you sold this quantity of 663 gallons, at 25 over proof, at 3s. 4d. a gallon?—I see that from the invoice. I was not at home at the time; but I see that is the case.

2004. Then that was a losing transaction?—No, it was not even at that a loss. I believe the distillers, like other manufacturers, have made losing transactions, and they cannot help it.

2005. What is the difference at present between the prices of Lowland Spirits and of the Spirits of Glasgow?—A difference, I should think, from 6d. to 2s. at 25 over proof, taking the two at equal strength, between the two. Highland Spirits well very high; much higher than the Lowland ones.

2006. Such

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2006. Such

Mr.
John Harvey.
20 September,
1831.

Mr.
John Harvey.
26 September,
1831.

2006. Such as is the produce of your own work, what is the price?—We could get 8*d.* a gallon more for Malt Spirits than for raw grain Spirits. I think from 6*d.* to 8*d.* is the usual price; I believe that is the usual average. I think I would be safe in saying that from 6*d.* to 8*d.* is the difference of price on the average of Malt whiskey.

2007. What is the average price of sale Spirits?—Just now from 2*s.* 8½*d.* to 2*s.* 9*d.* in the Glasgow market for grain whiskey.

2008. Is the quality of raw grain Spirit improved of late years?—It is rather improved. It is not worse. There is not very much difference.

2009. What gravity of worts do you distil from?—Fifty degrees.

2010. How long has that been your practice?—Almost constantly since the law was changed; sometimes 45.

2011. Can you recollect what you distilled from before that law?—There were a great many changes; I think 6*o* was allowed immediately before.

2012. Do you think the Spirit is better from being distilled from 5*o* than from 6*o*?—It is better.

2013. Could you form any estimate as to what it is worth more?—I could not form any judgment of that: we have got a little more, but so much depends upon the state of the market, that we cannot judge so minutely as that.

2014. What is the average price of the coal that you use in your distillery?—We pay about 9*s.* 6*d.* for twenty-four hundred-weight.

2015. Have you made any calculation of the cost of fuel, what proportion it bears to the whole cost?—I have made calculations, but they are out of my recollection; if I had my books here I could state it.

2016. Can you state to the Committee what you consider to be the value of draft and dreg, either in the gallon or in any quantity?—I should think upon the whole it would be 6*d.* a bushel.

2017. You think it may be 6*d.* per bushel?—Yes; we used to get more for the draft, and I believe in Edinburgh it is more.

2018. Can you state to the Committee what quantity of Malt Spirits consumed in Glasgow is made in the Highlands?—No; I have no calculation to do it; but I believe that a great proportion made in the West Highlands comes to the large towns in the Lowlands.

2019. You have stated that that Spirit bore a high price?—Yes.

2020. Do you know any of the circumstances under which it is distilled?—I do not very minutely.

2021. Is pent very generally used?—Generally pent; they sometimes use a little bick, but generally pent.

2022. Is it made under circumstances in which they are enabled to use the refuse?—It sometimes may; they could not sell it.

2023. Do you consider that you are able to carry on the business of a distiller at less charge than the distillers in the west?—I think we are.

2024. To what circumstance do you attribute the superior quality of their Spirits?—Principally to their drawing a less extract from the Malt, and the use of smaller utensils and smaller stills.

2025. Is it altogether a slower process?—Not particularly slower; they may make it as slow as they please.

2026. If they obtain Spirit by a slower process, does it not make it more costly?—It does; they have very imperfect rollers for bruising the Malt, and they do not extract nearly so much as we do; besides they use here, which does not produce so much.

2027. What do they extract?—I do not know exactly.

2028. Upon what grounds do you state that they obtain a less quantity of extract?—They have told me so.

2029. From the knowledge you have of the subject, do you believe that the smaller extract which they obtain has a tendency to improve the quality of the Spirit?—I think so.

2030. Is the part of the grain which is most easily soluble, that which produces the finest Spirit?—I think so, in the Malt particularly; because the one end of the ear is a great deal more malted than the other; in the use of imperfect rollers it is only the fine Malt that comes away with them.

2031. Taking the quarter of Malt at 6*o*½, the product of our 16 gallons would be 3*s.* 9*d.* a gallon; then the Drawback will be 1*s.* 2*d.*; that will reduce the gallon to 2*s.* first cost; then there is 7*d.* for the making; which increases it

Mr.
John Harvey.
26 September.
1851.

to 3 s. 2 d.; that is for proof spirits; then to raise it to 25 per cent., you should add a fourth to that, 9½ d.; that brings it to 3 s. 11½ d.; if you deduct 3 d. a gallon for what you receive for the grain, that would still leave it 3 s. 8 d. In the expense of making, is it 7 d. a gallon over and above?—Yes, 6 d. a gallon at proof.

2032. So that it would leave you 7½ d. a gallon?—Yes, I must have got Malt cheaper at that time, or lost it; the 60 s. is too high for a quarter of Malt in the way that we make it.

2033. What did you pay for Malt at that time?—I know that we buy plenty, 40 s. shillings for six bushels, or 53 s. 4 d. per quarter.

2034. You mixed here with your Malt?—We pay all Duty upon Malt as made from barley, which brings the price near about the same thing; the whiskey turns us 6 s. 9 d.

2035. Do you use Malt malted in England?—No, but I have known it to be used.

2036. What is the greatest distance from which Malt has been brought that you have used?—Twenty miles, I should think, since the present regulations were in existence, or almost at any time.

2037. In whose custody is the Malt during its transport?—The same custody; it is made by a maltster under the peculiar regulations of the law, and the Malt measured by his officer when it is sent away, and taken out and measured again by our officer when it arrives at our store-room.

2038. Can you suggest to the Committee any alterations in the law, which would make it less possible that fraud should be committed?—The Glasgow distillers, a number of them, have sent a Memorial to the Lords of the Treasury, that Malt used by raw grain distillers should be stored in the same way, and put under the officer in the same way as Malt used by distillers making Spirits with Malt only.

2039. You make your own Malt?—The greater part of it; we buy occasionally; we have been buying occasionally during the summer months.

2040. Do you in making your own Malt find it your interest to make it perfect, or is it an imperfectly made Malt?—We make it as well as we can; we find it our interest to make it perfect.

2041. How many days in general do you keep it in process, from the time of steeping till it is dried off?—I should think in general about twelve to fourteen days.

2042. Do you think it possible to make it perfect Malt in so short a time?—I should think from twelve to fourteen days is the best time; that is my experience.

2043. Are you apprised that when Malt is dried, it is not possible to detect the mixture of other grain with it?—I should think if it be ground very small it would be difficult, but in works where we use rollers, it would be very easily found out.

2044. There is no permit or document of any kind in the transit from the lock-up place of the Malt to the grinding place?—I think there is; I know that there is a permit required for all Malt from maltsters, and I think our officers always ask for permits.

2045. Where do you buy your Malt?—From Glasgow. There are maltsters making for distillers only; the law requires that there is a permit comes with that Malt to our store-room.

2046. Is the Malt that you purchase of these perfect maltsters as perfectly made as this you made at home?—It is fully drawn; it is perfectly made with regard to quality; but it does not produce so much.

2047. You stated that the Excise Officer examined a sample of it?—He looks at the bushel, and he has his hands in it while the operation is going on.

2048. If any part of the grain had been imperfectly changed into Malt, would he observe it?—He would observe it.

*2048. Does he examine every sack as it is emptied?—Generally he does so, and waits to see that they do not take too much or too little.

2049. Is his attention to measure the quantity, or to examine the quality?—Both; his attention is to set up to the regulations of the law.

2050. When the Malt is sent from the maltster, from whom you purchase it, in carts, there is no Excise Officer attends it?—Not when they are coming along the road; but the Excise Officer sees it measured out of that place, and sees it measured again into our store-room.

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John Hervey.

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2051. But if the quantity were changed on the road for raw grain, there would be nothing to lead him to think it?—He would see the raw grain; he must use the best knowledge that he has.

2052. Do you mean to say, from the lock-up place to the mill any kind of permit is necessary?—I think so; I think we must produce permits for all the Malt we use.

2053. Do you mean to say, that Malt would be seized on the road if it were not accompanied with a permit?—No; I think it might; if it were proved that it came from a maltster making for distillers only, it would be seizable on the road.

2054. Suppose you do not want to put the ground Malt into the mash-tub, are you aware that it is not necessary to pass it from the grind mill to the mash-tub?—He must either pass it from the mill to the mash-tub or get it locked up in the lock-up place; and that is an indulgence, I believe, to get it locked up in the case of a notice being given.

2055. So that in these two transits from the lock-up place to the ground and back again to the lock-up place, there may be an admixture of other ground grain?—If there should be an admixture, unless Malt is taken away, that makes a double operation, and the officer is about the work to look about these things, and particularly if he is put to the trouble of re-locking, he will look about it.

2056. It may not be so in all cases?—It may not.

2057. In fact, if the grain is locked up, there are three transits, one from the mill, another from the lock-up place, and another to the lock-up place again?—All which places are quite adjoining one another, and under the eye of the officer at the same time; the mill must be adjoining or contiguous to the work according to the law; I believe that is part of the law.

2058. The Revenue Officer does not go with it upon these transits?—Upon the transits last described he sees them done, but he does not go along with the horse and cart between maltsters and distillers.

2059. Do you export much to Ireland?—We have not exported a very great deal this last year; I should suppose not much above 100 puncheons; nearly that.

2060. To what do you attribute your being able to undersell the Irish?—I attribute it to selling it with little profit.

2061. Can you state any advantages that you have above the Irish distillers?—No advantages, but some disadvantages.

2062. Do you suppose that you have greater skill?—I cannot say; there are some distillers on a very large scale in Ireland, who must be well acquainted with their business.

2063. Upon an equally large scale with those of Glasgow?—There is one larger in Glasgow; but as large as we are I believe they are in that quarter; they make but very little Malt whiskey there; that is one reason why our Malt whiskey sells there.

2064. Do you mean that the export is confined to Malt whiskey?—Our export is so; but a great deal of raw grain is exported.

2065. There you compete with them?—Yes.

2066. Can you explain how it is you are able to undersell the Irish distillers in that article?—No, I cannot.

2067. You are six miles from Glasgow?—Yes.

2068. Land carriage or water?—Land carriage.

2069. What do you calculate it costs you a gallon to remove your own Spirits from your own distillery to your merchant's store at Glasgow?—It would cost us a farthing a gallon.

2070. What port in Ireland do you export it to?—We send some to Londonderry, and some to Belfast.

2071. Do you deliver it to Londonderry for that price, 3*s.* 4*d.*?—We send it to Bromislaw, at Glasgow.

2072. Do you recollect what it cost you for postage for sending that Spirit from your own distillery till you deliver it free on board?—About a farthing a gallon; we have no expense to pay, we only put it on board.

2073. You have not the expense of shipping?—No, none at all; the person buying pays it all.

2074. Is the consumption of Malt Spirit growing?—The consumption of Malt Spirits is much more than of raw grain in Scotland; the other is falling off very much.

2075. How many officers are there of the same kind in your distillery?—When there

there are three officers they take about eight hours, and when there are two they take twelve hours; there are only generally two at the same time; they are not both needed, except when they are measuring Malt.

2076. If two officers attend at the same time, they would have a little rest?—They seldom attend at the same time.

2077. It is no part of the officer's duty to stand by the mill when you are grinding?—I believe our supervisor orders him to do that as often as he can; I know that there was an officer reported for not being by the mill at the time of the grinding.

2078. Do you recollect what the price of Malt was in the month of May last?—I do not recollect; I think we bought Malt at about 38s. for six bushels.

2079. You say that you charge for deficient Malt; will you explain that?—I believe the principle of the law is this, you give notice that you use a certain quantity of Malt; when you have distilled the produce of the Malt, the Excise Officer casts up the account, and gives you at the rate of 1s. 2d., the highest charge; he then states the number of bushels of Malt used; calculating this at two gallons from the bushel, he shows the quantity of Spirits you might have drawn; if you have a greater quantity of Spirits than two gallons from the bushel, for that surplus quantity you are charged at the rate of 2s. 7d. for every two gallons; and that is what they call deficient Malt.

2080. If the Committee understand you, that deficient Malt would disturb those calculations which you made here?—Not much; but the calculations made by others are not such as I am pleased with.

2081. Do you get your yeast from London?—Part of it; and we get part of our yeast from Edinburgh.

2082. Have you any idea of what your yeast costs you?—I have not an accurate idea?—I should think about 1d. per gallon.

2083. Can you state to the Committee, within a penny a gallon, what the cost of coals are?—I cannot, so as to be at all accurate.

2084. You stated, that you had some disadvantages which the Irish distiller had not?—I should think they have cheaper grain than we have. I am not saying any thing about the way of surveying Ireland at all.

2085. How many bushels then a quarter do you reckon?—Eight, and six in a boll.

2086. That is the only disadvantage that you allude to in Ireland?—I have not been thinking of any disadvantages particularly, but I think that that is one.

2087. What do you pay for the labourers?—Two shillings a day; and sometimes the men get 14s.; but the common wages is 12s. a week.

2088. Have you any reason to think that there is any difference in the survey between Scotland and Ireland?—I have no particular reason for thinking so; I have only hearsay about it. There was a Memorial sent up from the distillers in Glasgow, on the 23d of February, which was written by me, and signed by many of the distillers.

2089. What is the greatest amount of deficient Malt Duty which you have ever paid in the course of a year?—I cannot say exactly; but I have paid a good deal of deficient Malt on various occasions. Those who purchase Malt from the maltsters who supply the distillers, would not have much deficient Malt; there is enough to produce the two gallons.

2090. What is the reason that the Malt which you purchase from the maltster produces less extract?—Because the maltster has only the Malt Duty to pay; and if he has a price for his Malt, although he pays the Duty, he has a great quantity of surplus Malt.

2091. Is it because the Malt you purchase is more perfectly made, or less perfectly made than that which you make?—Because it is longer Malt; it is not so well cleaned, and more bulky.

2092. How many men has your establishment at 12s. or 14s.?—I think about thirteen men.

2093. Do you mean including those who receive 12s. and those who receive 14s. a week?—Yes; there are only about two of those at 14s., the distillery men.

2094. How many stills have you?—Three wash stills, and three low wine stills.

2095. How many puncheons do you make in the year?—We have made from 115,000 to 120,000 gallons for years past; one year we made less.

2096. You are aware what is called by distillers a period; what do you make in the period?—About 3,000 gallons; we use about 1,500 bushels of Malt.

2097. Did

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John Harvey.
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2097. Did you include in your previous answer, when you said that you had about thirteen men in your establishment, those men you employ in the malt-house?—No, we employ five in the malt-house.

2098. At what rate of wages?—At 12s.

2099. Then you have a regular establishment of eighteen labourers?—Yes.

2100. You have stated that the Malt which is supplied to you by the maltsters is longer and a little more bulky for its weight; is Malt which is prepared by the maltsters who work only for the Malt distillers in general longer than that which is prepared by maltsters for brewers?—I cannot answer that; I never saw any Malt prepared for brewers.

2102. You are not aware of the quality of Malt prepared for other persons than for distillers?—I am not.

*2102. If the Malt supplied by the maltster is so much longer, will he not have a great increase of five per cent. upon the quantity he malts?—I think he will.

2103. Is any account of that taken at the Excise?—It is all taken during the operation of malting and at the kiln-head.

2104. If he were to abstract any of that Malt, might he not carry off that without detection from the Excise?—I should think not; the Excise do not prevent him from having a surplus quantity upon the kiln-head, upon paying Duty thereon.

2105. If he, in manufacturing his Malt, allows it to be so much longer and does not screen his Malt very carefully, will he not be able to show an equal number of bushels of Malt compared with the barley which he may have steeped, and yet be able to extract a considerable quantity which he may sell?—I do not know whether it may be done or not; there is nothing of that kind done so far as my knowledge goes.

2106. Is there any thing to prevent a maltster from evading the Duty in that manner?—I think there is every thing to prevent him, because his Malt is surveyed upon the floor, and the officer surveys the kiln-head; he is constantly going about to see that no frauds are committed; the thing is as secure as the law can make it.

2107. Does not the maltster sell to you Malt at a much lower price than you can make it yourself?—I did not make an allowance for the increase of Malt; I took the Malt of the same quantity as if it were bought, but there is an increase on it.

2108. Five per cent.?—I do not know exactly; it is more than that, I think.

2109. What length of time does each distilling period take upon the average?—With us, we begin mashing on the Thursday evening, and finish mashing on the Saturday; the period is just a week for mashing and distilling alternately; two days for mashing and four for distilling.

2110. Then you are constantly going?—Constantly, if we work at that rate.

2111. You are going forty-three weeks in the year?—We usually do, but we could make more Spirits than that.

2112. The moment you have done with one, you begin again?—We generally begin again.

2113. Have you heard of any detection made by the Excise of raw grain mixed with Malt at Paisley?—I heard a report of that kind.

2114. Have you any reason to doubt it?—I know that the person accused of it says that it was not a real detection.

2115. Was there an information lodged against him?—I do not know.

2116. Do you know whether any inquiry was made upon that subject?—I do not know; he is a relation of mine; I do not think he has got any answer from the Honourable Board of Excise regarding it.

2117. Is it still under investigation at the Revenue Board?—I believe so; I am speaking only from report.

2118. Do you continue distilling throughout the summer?—Generally we have done so.

2119. Are you aware that the price of labour in Ireland is 6s. or 7s. a week?—I have heard so.

2120. Is not that another great advantage which the Irish distillers have over the English?—It is.

Mr. John

Mr. John Beith, junior, called in; and Examined.

2121. YOU are a distiller at Campbell Town?—I am.
 2122. How long have you been so?—For five years.
 2123. You have been sent up by the distillers of Campbell Town to suggest to the Committee some observations upon this subject?—I have.
 2124. What is the size of your work?—I have three works; they are very small. They make about 500 gallons in a period. I sold from 20,000 to 25,000 gallons in all the works last year.
 2125. What induced you to make three works?—We had not proper ground accommodations; and we think small works make the best whiskey.
 2126. How far are they apart?—One is fifty miles from the other two, and those two are within a quarter of a mile of each other.
 2127. Do you distil Malt whiskey alone?—Yes.
 2127. What is the size of your Spirit stills?—They are all about the same size; about 180 gallons, I think, they distil.
 2128. Are they all in Campbell Town?—One is at Lochgilphead.
 2128. Have you malting premises at each of the distilleries?—Yes, at each.
 2129. What grain do you use, here or barley?—Here alone.
 2130. Whereabout, for the most part, is the grain grown that you use?—A good part of it in the country.
 2131. Where?—In Argyshire.
 2132. Do you use any Irish grain?—Yes, Irish here.
 2133. Any foreign grain?—No.
 2134. What rate of Duty do you pay for the Irish here; the same as upon the home grain?—Yes, the same.
 2135. You pay the here Duty upon the Irish here, as well as upon the Scotch?—Yes.
 2136. Do you ever purchase Malt?—No, I never do.
 2137. Describe what survey your premises undergo; what check there is upon your malting which prevents you from introducing raw grain?—There are first the different gauges that the Exciseman takes on the Malt in operation.
 2138. When your Malt is made, where do you place it?—In the lock-up store, under the eye of the Excise Officer.
 2139. Have you a barley-book?—It is done away.
 2140. In practice is it done away, as well as by law?—Yes.
 2141. Are the Committee to understand that there is no check of the quantity of raw grain that you may introduce upon the premises?—No, there is no check upon that.
 2142. Suppose you had a mind to carry part of the raw grain to the distillery, what would prevent you?—Nothing. I do not know any object that I would have to gain by doing so.
 2143. Is there a ready sale for Malt in your country?—No; there is no sale whatever for it in the country, except to the distillers.
 2144. Are there any raw grain distillers within any reasonable distance of your premises?—Not within 100 miles.
 2145. Any breweries?—None.
 2146. Do private persons brew their own beer in that district?—None.
 2147. Were you acquainted with the country before you became a distiller, five years ago?—Yes.
 2148. Where was the whiskey made that supplied that country then?—In that country, by the smugglers.
 2149. Was there any legal distillery then?—One only at Campbell Town, erected in the year 1817, I think.
 2150. Is it going on now?—It is.
 2151. Have you any thing to do with it?—It belongs to me now; it did not at that time.
 2152. Was illicit distillation prevalent at that time?—Very much so; more extensively perhaps than in any district in the Highlands.
 2153. Is illicit distillation prevalent still?—No, there is nothing of it now.
 2154. What do you attribute that change to?—Entirely to the facilities for making whiskey in a legal way.
 2155. Do you attribute it to the Malt Drawback?—To the Malt Drawback, as it has enabled us to sell Spirits cheap.

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2156. What effect does that have upon the morals of the people?—I think it has a very happy effect.

2157. Do you know the number of persons in prison for offences against the Revenue before the Drawback?—No; I wished to have got such information before my coming up, but I was refused it by the public officers.

2158. Are offences against the Revenue many now?—No, very few. It is not in making whiskey, it is in selling without license.

2159. Was the quality of the smuggled Spirit that you allude to, better than the legal Spirit you make now?—Yes, I think it was.

2160. To what circumstances do you attribute the superiority of that?—I think that the illegal distiller not having been obliged to take away the whole produce or substance of the grain to secure a profit, he took the finer matter away, and securing a profit by that, left the rest.

2161. The more imperfect the process, the better the Spirit?—The more the finer part of the grain is taken away and the coarser left behind, the better the Spirit.

2162. What quantity of Spirits do you produce from a quarter of Malt in your own work?—Last season we did not sell 11 gallons, 11 per cent. over proof, from a quarter of bere.

2163. Is that an excess or a deficit?—No, it is not an excess; 12 gallons at proof is what we expect to get.

2164. Did you produce what the law required, or more or less?—We must have produced a little more, because we paid for Malt deficient.

2165. When illicit distillation prevailed, was much Spirit carried out of the country?—Yes, carried down to Glasgow.

2166. Was any sold to legal distillers?—I cannot say how it was sold.

2167. Was there much grain imported?—A great deal; and it is a rich grain country besides.

2168. They used grain brought from a distance?—Yes.

2169. What fuel do you use?—Turf for drying the Malt, and coal for distilling the whiskey.

2170. What was the amount paid to the Revenue before the Malt Drawback was allowed?—Before those distilleries commenced, I heard it stated lately, that the Revenue in the whole county of Argyre was only 4,000 £; it is now 100,000 £.

2171. Are there any other distillers in Campbell Town besides yourself?—Yes, a great many.

2172. Are there any maltsters?—Yes, for distillers.

2173. Is there any Malt shipped for distillers any where?—Yes, to Glasgow.

2174. Therefore if there was any Malt fraudulently made, it would be disposed of in that way?—No, it could not be disposed of in that way; Malt made by maltsters for distillers must be accompanied by a permit.

2175. Are there many maltsters in that part for common brewers?—No, there is only one maltster; he is the only person who supplies such smugglers as are still at work; and therefore I think it is a defect in the system.

2176. You have stated that you use a large proportion of Irish grain, as well as Scotch?—The proportion of Irish grain to the Scotch is small, but we do import Irish grain.

2177. Have you imported Irish grain this year?—No.

2178. When did you last make use of Irish grain?—I think there were some cargoes imported at the beginning of last season; but there is a prohibition against importing it unless the barley duty is paid.

2179. Have you imported any since that period?—No, I have not.

2180. Do you know whether any has been coming to Campbell Town?—Yes, there is some barley Duty paid in Campbell Town.

2181. Where is your principal market?—Glasgow.

2182. What is the price you take?—From 8s. 6d. to 9s. 6d., about 9s.

2183. What is the expense of making it 11 per cent.?—It will make a ninth less in quantity than the proof gallon.

2184. How do you dispose of the refuse of your work?—We sell it in the place.

2185. What do you calculate the value of the refuse per gallon of Spirit?—I do not think I can tell what it is on a gallon.

2186. Does it amount to 3d. per bushel?—No.

2187. To 1d.?—Of the bushel of Malt used it does not amount to 1d. even.

2188. Are

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2188. Are you so situated as to dispose of your draft to less advantage than the grain distillers?—Draft is of less consequence with the Malt distillers. Malt draft is not so good for feeding cattle.

2189. What do you pay for a quarter of bere?—I think upon the average we pay 30s. a quarter; for eight bushels.

2190. What do you reckon the expense is of making that into Malt, including the Duty of 16s.?—We make it for 3s. per quarter.

2191. That makes your Malt cost you about 49s. upon the average?—Exactly so.

2192. What is the average extract in proof gallons of Spirits which you obtain from the quarter?—It is a little better than 12 a gallon; not a half.

2193. That would make your Spirits cost you about 4s.; the expense of the Malt would come to about 4s. for the gallon of Spirits?—A little better than 4s.

2194. The Duty upon that is 3s. 4d.?—Three shillings and four-pence.

2195. Which would make the cost and expense of the Spirits 7s. 5d.?—Yes, at proof.

2196. From which you have a deduction of 1s. 2d.?—Yes.

2197. Adding the expense of the gallon would make 6s. 9d., from which you obtain from 5s. to 8s. 6d. or 9s. full proof?—Eight shillings proof; at a little over we get that.

2198. What do you calculate the expense of making a gallon of Spirits?—The whole expense of making twelve gallons of Spirits, I find from an account in which I include the charge of every thing but the Malt and the Duty, for the last three years has averaged about 13s.

2199. That is rather more than 1s. a gallon?—Yes, it includes every thing, the deduction of the purchaser, and the freight and the charges of all kinds.

2200. Would it include the expense of freight to Glasgow?—Yes.

2201. Can you state what the cost of manufacture is, exclusive of the charge of freight to Glasgow?—The charge for shippage to Glasgow is a penny a gallon, which is paid on freight.

2202. What do you apprehend would be the effect of taking off the Drawback?—I think it would encourage illicit distillation.

2203. In what way?—It would raise the price of Malt whiskey, which is required in a certain quantity in the market, and consequently the illicit distiller could sell cheaper, and would have a greater inducement to carry on that trade.

2204. What proportion of the Spirits which you make do you send to Glasgow?—The whole exported.

2205. Do the other distillers in Campbell Town send an equal proportion of their Spirits to Glasgow for sale?—Yes, they all do.

2206. Are there any Spirits consumed in Kintyre at all?—Yes, there is a good quantity of Spirits consumed there.

2207. And by whom is that supplied?—By the distillers of Campbell Town.

2208. But you say that they send it all to Glasgow?—Yes, but I except what is kept at home, which is a very small quantity of what is produced.

2209. Supposing the Drawback was taken off, and, at the same time, the Duty upon all Spirits was reduced in a proportion, what effect do you suppose that would have?—I think it would have a good effect, if you reduced the Duty at the same time that you took away the Drawback.

2210. You do not think it would injure your trade?—No.

2211. The Duty to be equally taken off on both would have no bad effect?—No, if the Duty was the same on Spirits of every kind, or nearly the same.

2212. Which would make it equivalent, in your opinion?—Yes; and, in order to prevent illicit distillation, you should keep down the Duty as much as possible.

2213. If you had not the Drawback, what amount do you think it would be required to reduce?—Almost the same proportion as is allowed just now for Drawback—1s. 2d.

2214. The Malt Drawback was granted before the reduction of the Duty in 1821; when was the great decrease in smuggling?—It was only in the year that the Drawback was given that legal distilleries were set agoing in that part of Argyleshire.

2215. What time was the great decrease in smuggling?—It was just at that time; at the time that these distilleries commenced, which they did about the year 1814, I think.

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2216. In

Mr.
John Beck, junr.
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2216. In 1823 the reduction took place?—It was about the year 1823 or 1824 I erected one of my works, I recollect.

2217. Between the years 1821 and 1823 there was no great decrease in smuggling?—No, I should think not.

2218. At what price do you conceive the illicit distiller could afford to sell his Malt Spirits?—I do not know; I suppose he used to smuggle the Malt, as well as the Spirits. I do not know at how low a price he could sell; he smuggled the Malt Duty as he made the Malt, in many cases.

2219. The present price of Spirits is so small, that it is not worth the smuggler to carry on that trade?—No; that is precisely the idea that I have, that there is no inducement to him to sell.

2220. Do you deal at the same price in the Spirits you sell at Kintyre and those you send to Glasgow?—Yes, quite the same; the price is in Kintyre perhaps a little better than those we send to Glasgow.

2221. Therefore the inference would be, that it would not be the interest of a smuggler to carry on a trade unless he can undersell the legal distiller?—No, I do not say that.

2222. Why does he carry it on at present?—Because he has so little inducement at present; the inducement to him to smuggle Malt, which would be given by removing the Drawback would be an inducement to smuggle whiskey also.

2223. Are there the same facilities for smuggling Malt now as if the Drawback were removed?—Yes.

2224. Therefore, if the price of Malt whiskey is put down, and if the Drawback were removed, and the Spirits were sold at the same price, there would be no danger of illicit distillation?—None whatever.

2225. Have you any thing that you wish to state to the Committee?—I would entreat the Committee, if possible, not to increase the Duty on Malt Spirits by taking away the Malt Drawback; at the same time I think that there is room for some additional checks being established.

2226. Have the goodness to describe that?—A check to prevent the introduction of raw grain into the whiskey.

2227. In what part of the process?—In any part; I am told that such a system exists in the Lowland district, of introducing raw grain into the Malt.

2228. In what part of the process?—I am told it is introduced when it is being ground, and they have generally millstones as well as rollers upon the premises, which we have not.

2229. Do you know at what price the Lowland Malt whiskey sells in Glasgow?—Seven shillings, and ours at 9s.

2230. To what do you attribute the low price in the Lowlands?—To their being enabled to produce their whiskey cheaper than we do; and I cannot conceive how they can do it without it is smuggled.

2231. Do you, as a distiller, conceive that it is possible for men to sell at less than 7s.?—No, for our business is as good as almost any, and we cannot sell it at 8s. 6d. advantageously.

2232. And if Malt distillers have been carrying on a trade at which they have been selling for 7s., could they have done that without a great loss, unless they had means of committing frauds?—No; so far as my experience goes, they could not.

2233. Suppose the Drawback was reduced from 1s. 2d. to only 1s., should you prefer distilling from Malt or raw grain?—I should prefer distilling from Malt.

2234. If it were reduced from 1s. 2d. to 9d.?—I should still prefer distilling from Malt in the Highlands.

2235. Can you state the sum at which you should think it would pay to distil from raw grain?—I cannot state any thing as to raw grain.

2236. Is the preference for Malt Spirit so decided in your neighbourhood, that you think they would not be satisfied with raw grain Spirit?—They would not take raw grain Spirit.

2237. If, instead of a Drawback upon the Spirit, you were permitted to make Malt on your own premises, and were charged with a less Duty on the Malt, would that answer your purpose as well?—Quite as well.

2238. Do you think it would be subject to less fraud?—I think it would; I do not know that that fraud would be less; that it might not be equally pursued; the fraud of smuggling raw grain, I mean.

2239. Have

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2239. Have the goodness to try this in your mind; if the Duty on all Spirits were reduced from 3 s. 4 d. to 3 s., and suppose that a Drawback upon such Spirit as was made from Malt only was allowed in this way, that it was a diminution of a bushel of Malt and not a Drawback on the grain, and that instead of being at the rate of 1 s. 2 d. a gallon, or 3 s. 4 d. a bushel, it was reduced to 10 d. a bushel and 6 d. a gallon; do you think you would be able to compete with a smuggler under these circumstances?—If the two branches of Duty did not exceed what it is at present, I should feel no difficulty.

2240. That would be an addition of 4 d.?—I cannot say what effect that would have; there was an addition last year of 6 d.

2241. Has that addition increased illicit distillation?—No, it has not; but it has diminished our profits very materially.

2242. Suppose a year of plentiful grain, would that illicit distillation arise?—No, I do not think at the present prices of Malt whiskey there would be any encouragement to illicit distillation.

2243. Are you aware, before the Malt Drawback was allowed in the Highlands of Scotland, how many illicit distilleries there were in Campbell Town?—I cannot say; they were almost in every door.

2244. How many legal ones?—There were none; there was a small one erected in 1817.

2245. Then of course Campbell Town could not pay any Duty to the Revenue?—Yes, I have already stated that matter.

2246. Will you have the goodness to state what is the Revenue at present from Campbell Town?—One hundred thousand pounds in the whole county of Argyle; in the Lower Division it is 70,000*l.*, and in the Upper I am sure it is equal to 30,000*l.*

2247. Are you aware whether in that district of country at present much smuggling is going on?—None there that I know of; there are no detections made; and we find that the people who used to supply themselves with illegal whiskey now buy it of us.

2248. Have you any means of knowing the number of prosecutions for smuggling that took place previous to 1821?—No; I applied for such information, but was refused it.

2249. Do you know whether the gaol at Campbell Town was empty or full?—It used to be very full.

2250. Are you aware whether there are culprits at present in it?—None for illicit distillation; there are some for not taking out licenses, I think.

2251. Then the effect of this has been to put a total stop to the illicit distillation?—Most completely.

2252. If there was a law passed, doing away with the Drawback, would the illicit distillation recommence, or not?—I am sure it would recommence.

2253. Are the facilities in that country very great for illicit distillation?—It is very easy to get whiskey sent to the Low Country from the illicit distilleries.

2254. Is it not a very good grain country close to the borders of the sea?—Yes.

2255. And is not the centre district of Kintyre a mountainous country?—Yes; and the lower part especially is a very wild country.

2256. And very well calculated for fraudulent distillation?—Yes.

2257. Is not the country close to the sea pretty good for corn, and at the back of that is a mountainous district?—Yes.

2258. Are you aware whether kilns for drying their corn are commonly used by the farmers?—Yes, they have kilns in their farms generally, I believe.

2259. So that they may have the opportunity of drying their Malt with very good facility?—Yes.

2260. Did you not state that there was a maltster at Campbell Town who supplied the illegal distillers with Malt?—Yes; but when I stated this, I stated that he did it invariably; with us there is one man who makes Malt for common brewers, and as his Malt is not consumed by the legal distiller, therefore it must be consumed by the illegal.

2261. How much does he make?—I do not suppose he makes fifty bolls in a twelvemonth.

2262. Do you make all your own Malt?—Yes.

2263. Do the distillers in general make all their own Malt?—Yes.

2264. You use invariably rollers, not stone?—Not stone.

2265. With regard to the surveying of the Excise, has each distillery an Excise-man resident on the distillery?—Yes.

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2266. How many officers have you?—I have stated to the Committee that I have three distilleries, and there is one over each.

2267. And is there a District Officer?—Yes.

2268. And a Supervisor?—Yes.

2269. And a General Supervisor?—Yes.

Mr. Donald McEachern, again called in; and Examined.

Mr.
Donald McEachern.

2270. HAVE you taken into consideration the proposal that has been made in the Evidence?—I have.

2271. In your opinion, what would be the effect of that?—I will state to the Committee the difference it would make from the present system. It would increase the Duty very much upon the Malt Spirits in the Lowland Country, and reduce the Duty upon the raw grain. I will give the Committee my calculation of the difference. The Honourable Member proposed that there should be a deduction of 6d. per gallon; that is 1s. per bushel on the present Malt Duty in the Highlands. The present Duty, at proof, upon a gallon of Spirits, is 3s. 4d., and there is 1s. 3½d. Malt Duty, without the Drawback, just now, which makes 4s. 7½d. I deduct now 6d. per gallon, which is the proposed diminution for the Drawback, which leaves 4s. 1½d. There is also 4d. a gallon deducted for all Spirits, raw grain, and Malt likewise; that leaves 3s. 9½d.; but it is understood that when the Spirits cross the line proposed, that they shall pay 6d. per gallon additional, which would make the Duty 4s. 3½d. on Highland Spirits in the Lowlands. I understand that there is no alteration to be proposed within the line or in the Lowlands on the Malt Duty, and that the Drawback is to be taken away. The Duty upon grain and Malt Spirits universally will be 3s. as proposed, and allowing that there will be 1s. 3½d. to be added to it, being half the Malt Duty in the Lowlands, makes it 4s. 3½d. actual Duty per gallon. I believe that is the proposal. That will raise the present Duty upon Malt Spirits from 3s. 6d. to 3s. 9½d. above the line, and in the Lowlands 4s. 3½d.

2272. The Spirits made from Malt by this suggestion increases the Duty on Malt Spirits 9½d., and decreases the Duty on raw grain Spirits from 3s. 4d. to 3s. 7.—It makes a difference of 1s. 1½d. between the Low Country Malt Spirit and the raw grain, allowing 1s. 2d. per gallon for Malt used on raw grain.

2273. In your opinion, is that a bonus of 1s. 1½d. in favour of the inferior article?—That is my opinion.

2274. Would the superior article be driven out of the market?—I do not consider that the superior article would be driven out of the market, but it is increasing the consumption of raw grain, which is diminishing just now; and it would make the consumption of Malt Spirits, which is increasing, entirely fall off.

2275. Have you examined this law as it now acts, whether the Duty that absolutely Malt pays in Scotland is greater or less than the Duty that was paid on Malt before this Drawback was granted?—I believe that if that is examined by the Honourable Board of Excise, that there is more Duty arising by this law from Malt than there was previous to when there was no Drawback at all; and I still further think that, from the distillers of Scotland, if the Returns are made of the Malt made yearly, and the Malt used, that you will find that the distillers do not obtain a single farthing which they do not pay Duty for.

2276. If this were passed into a law, what, in your opinion, would be the effect upon the distillers?—It would not against them much, because there would be a remaining Malt Duty of 1s. 7d. in the Highlands, and that would be a temptation to evade the payment of it if he could; and the whiskey made in the Highlands would be liable to 6d. Duty when it crossed that line; and there would be the commencement of fraud again. It is very hard that the distillers cannot send less than eighty gallons, and that from a bond warehouse, by the proposition. Now the best prices obtained by distilleries are those made in puncheons and hogsheds, and that direct from the distillery.

2277. What is the practice of the agents in dealing with a Highland distiller; is he in the habit of writing to the distillery to send direct from the distillery to a private family a small quantity of Spirit?—Yes, very often, and not so much to private families as to old customers who have been in the habit of getting their Spirits from the distillery. The orders are given to the distillers without an agent, to permit the Spirit from the distillery to the trading stock. There is that belief that there is a mixture made in Glasgow, which is altogether unfounded; but there

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can be no mixture made in the Highlands; it is a genuine article sent them; they believe.

2278. Supposing that it should be thought necessary to reduce the Duty upon Spirit generally 4d. per gallon, and take away the Malt Drawback altogether, would that be more injurious to the Highland distillers than the plan now under consideration?—If you take away 4d. per gallon, it would leave 3s.; if you take away the Malt Drawback and keep the existing Duty, it would hurt them very much, and it would not enable those who are working at the trade to carry on, because it would oblige them to lodge with the Collector 2s. 7d. per bushel or they could mash, and nothing back. If any alteration were to take place, I would suggest that the Malt Duty be done away with, and the Malt Drawback also, but still to keep a strict survey upon the malting process. If any additional Revenue be required, I propose it to be put upon the Spirit *sales*; then there would be no complaints from the Malt distillers that the grain distillers should have a preference, but, on the other hand, it would give satisfaction.

2279. Would you oblige the distiller to make no Malt except that Malt made on his premises?—I would not prevent him from that, provided at the commencement he entered for making Malt for a distiller alone.

2280. Do you think that an Excise survey would be sufficient for a maltster making Malt?—I think it would, by introducing the barley stock-book again, by obliging a Low Country grain distiller to have a maltster to work for himself, and to have a lock-up, as we have. I would propose to equalize the Duty as it was originally; the original Duty in 1823 was exactly the same on Spirits made either from grain or Malt; there was one fraction against the bare.

2281. The operation of that would be to favour the Malt distiller?—It would not favour him; it would enable the country to please themselves, and enable them to drink whatever they pleased.

2282. It would leave him who wished to sell the cheaper in the same condition with him who wished to sell the higher?—Yes; but the Malt Spirit would require a better price, from the expense of making it and the loss of produce, because the Malt would not produce so much as the raw material; it is a great deal lighter.

2283. And the difference between the present Malt and the raw material is very great?—Yes; if you get the Drawback, there would be only 4s. or 5s. per quarter, even in Islay, and it is as expensive a place to work Malt as any other perhaps in Britain.

Martis, 27th die Septembris 1831.

THE RIGHT HON. THOMAS FRANKLAND LEWIS,
IN THE CHAIR.

Mr. *Archibald Dunk*, called in; and Examined.

2284. YOU are a distiller in Scotland?—I am.

2285. Have you two works, or only one?—I have two works, one for making mixed corn and malt spirits, and another for making malt spirits only.

2286. What is the extent of those works?—The distillery for making mixed spirits is the largest distillery; the other is of a lesser size.

2287. What is the size of your still in the malt work?—We have five stills in our malt work; they are all small, 500 gallons and less.

2288. What is the size of the still in the mixed distillery?—They are 2,000 gallons; there are five of them also.

2289. Are you in the habit of sending much spirit to the English market?—Yes, we send the principal part of our grain spirits to the English market.

2290. Have you sent any to Ireland?—We have sent only 70 puncheons to Ireland during the last four years.

2291. At what price are you sending raw grain spirit to England?—From 5s. 8d. to 5s. 10d. proof.

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Donald M^r Eschorn.

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1831.

Mr.
Archibald Dunk.

27 September,
1831.

Mr.
Archibald Dunlop.
27 September,
1831.

2292. Are those the prices in the English market?—No; at home.
 2293. That includes the Duty of 3s. 4d.?—Yes.
 2294. Do you use coal in your distillery, or other fuel?—Coal.
 2295. What price do you pay for coal?—From six to seven shillings a ton.
 2296. Do you distil from barley or from here?—Very seldom from here; principally from barley and oats.
 2297. Is it of Scotch or English growth you use?—It entirely depends upon the price; principally of Scotch growth; the oats always of Scotch growth.
 2298. Do you use much Irish grain in your distillery?—I am not aware of having used Irish grain in our distillery; we are on the eastern coast, at a distance from Ireland.
 2299. Do you use any foreign grain?—Yes.
 2300. To any considerable extent?—No, not to any considerable extent; last year we used a considerable quantity in consequence of its being cheaper.
 2301. At what price are you now selling malt spirits?—The wholesale price of malt spirits in the Edinburgh market when I left was 6s. 8d. and 6s. 10d. eleven over proof, and the retail price from 7s. 6d. to 7s. 9d.; we have a very considerable country trade.
 2302. When you say the market price in Edinburgh, do you mean the retail price?—The wholesale price for large quantities.
 2303. Will you answer the question as it respects your own spirit?—I should say the average price of Lowland Scotch-made whiskey is 7s. just now; my own average price is 7s.; there has been some advance in consequence of the agitation of this question.
 2304. Do you consider 7s. at the present Duty upon malt spirit as what may be called a remunerating price?—It is a remunerating price; but the making of spirits has not been a profitable trade of late.
 2305. Which is your best market for raw grain, England or Scotland, for spirits generally?—England certainly; there is very little raw grain spirits sold in Scotland now.
 2306. How far are your two works apart?—About a mile and a half, or more.
 2307. Not so much as ten miles?—No.
 2308. Do you make malt on your own premises?—I do.
 2309. Do you make all the malt you use on your own premises?—I make the greater part of the malt I use; not the whole of it.
 2310. What proportion do you purchase?—I should suppose one-fifth or one-sixth.
 2311. In what market do you purchase it?—Wherever I find it cheapest, but always in Scotland.
 2312. Did you ever use English-made malt in your works?—I have used English malt previous to the amended regulations; but now all malt upon which the Draw-back upon spirits made from malt only is given in Scotland, must be made under particular regulations by itself.
 2313. Is it, in point of fact, all made in works built for making malt for distilling only?—It is by me, and I believe generally.
 2314. What is the greatest distance you have ever transported malt from the works of others to your own?—Under the former certificate, sometimes, when malt was not required to be made in the malt-houses entered exclusively for distillation, I have bought malt from Norfolk, lately from Ailou.
 2315. That malt had to cross the Forth?—It came down the Forth, and was landed at Morrison's Haven.
 2316. At what distance from your work?—From nine to ten miles, I should think.
 2317. Who had charge of the malt in its transit?—Either my own carts or hired carts after landing from the shipmaster.
 2318. Without supposing for a moment that any fraud was committed in the transit, supposing you had been desirous of exchanging a part of the malt for barley in its way from Ailou to your work, what could have prevented that being done?—The first cause to prevent it would be the danger of detection and the dread of heavy penalties; the next would be the inspection by the Revenue Officers on its arrival.
 2319. In point of fact, it was entirely in your custody at that time, and there was no surveying officer over it in the course of its transit?—The malt is not accompanied, either in the vessel or from the vessel to the lock-up store in the distillery, by any Revenue Officer.

2320. When

2320. When that malt arrived in the work, where was it deposited, and under what check?—The papers and permit are lodged with the Revenue Officer; he receives it and measures every bushel of it; there is an officer with me for the actual purpose of measuring malt.

2321. Does he immediately attend in all cases?—I never knew an instance where an officer was absent when malt was delivering.

2322. In point of practice, are the Committee to understand that the malt when delivered is universally measured on its arrival?—With me the case has been invariably so.

2323. Speaking practically, are Excise Officers such competent judges of malt as to be able invariably to distinguish whether any or how much barley may have been mixed with malt in its transit, supposing the person was desirous of committing a fraud?—I cannot say that all Excise Officers are competent for any one duty, but I know that all Excise Officers may discover barley from malt.

2324. Suppose the barley has been kiln-dried and prepared for the purpose, and that one-third of it was mixed with malt which was otherwise good and well malted, would a person be able to distinguish that from malt which had been made so imperfectly that only two-thirds of the grain had sprouted?—I think that any quantity of grain might be discovered among malt if it had not been steeped in water.

2325. May corn be steeped in water and afterwards be dried, without being charged the Duty?—I do not think the discovery could be made, if the barley had been steeped in water and dried, and for this reason, if I may be allowed to explain it: there is a film between the kernel and the shell of the barley, which is dissolved by the steeping.

2326. That is dissolved before it begins to germinate?—Yes.

2327. Is there any penalty for steeping barley in water if the process of malting is not carried on, so as for the grain to germinate?—I suppose it would come under the Private Malting Act.

2328. What is the penalty for that?—The Revenue Officers would be better able to speak to that than I am.

2329. After malt has been delivered at your stores, under what check is it conveyed from the warehouse in which it is kept to your distillery premises; is it again measured, and is there again a permit?—I do not know whether the mere form of sending a permit is gone through or not, but we give notice to have our malt taken out of the store; it is done so in the presence of the officer; regularly measured on the mash taken out at the time, and that mash kept under the view of the Excise until it is put into the mash-tun. If the mashing process does not immediately take place, it is locked up in another store; but with me the mashing process has immediately followed the grinding.

2330. Are the regulations such as, in your opinion, effectually prevent the removal of malt, or the substitution of barley for malt, after it has arrived at your works?—I think so.

2331. Would the Revenue derive a material security by preventing a distiller from using any other malt than that he has malted on his own premises?—I do not think that the security of the Revenue would be materially increased, and for this reason, that if the malting was to take place upon the distiller's premises, there would be a quantity of unsalted grain regularly there; that might afford a facility of mixture during the grinding process that might be discovered in the transit; but as the transit goes, I think by the ordinary exertions of the Revenue Officers the Revenue may be secured under the present regulations.

2332. Have you looked at the Accounts which have been presented to the House of Commons connected with this question?—I have seen all the Accounts that have been printed and issued by the House of Commons.

2333. Have you them?—I have some of them.

2334. Have you any Account of the total amount of Duty collected on Malt?—I have.

2335. Can you state to the Committee that the amount of Malt Duty actually paid justifies the opinion that Government really receive in Malt Duty as much as they ought to receive to indemnify them for the amount they allow in Drawback?—I have here an Account of the number of bushels of malt that have paid Duty in each year, from the earliest period at which such Return can be made out, and the amount of Duty per bushel paid thereon, printed the 8th of June 1830; it is Parliamentary Paper, No. 162, for the Session of 1830.

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2336. What appears to have been the amount of Malt Duty collected in 1820?—By this Return the malt brought to charge in Scotland, from 1800 to 1818, appears to be under 1,200,000 bushels annually.

2337. State the number of bushels brought to charge in each of the successive years, 1818, 1819 and 1820?—In 1819 the charge was 1,609,417 bushels; in 1820, 1,245,982; there is then a separation between the malt and the bere Duty. The barley malt brought to charge is 1,147,463; bere, 112,657; making together 1,260,120; the three years forming 4,015,519 bushels, or an average of 1,335,173 bushels for the three years previous to any Drawback being given.

2338. What was the rate of Malt Duty then?—In 1819 it was 1s. 8½d. a bushel on barley; in 1820, 3s. 7½d.; in 1821, 3s. 7½d. on barley, and 3s. 1½d. on bere.

2339. Will you state the fact for the three years after the first Drawback was given?—In 1822 the gross amount of Malt Duty in Scotland was 183,071*l.* 6*s.* 7½d.; the Malt Drawback was 25,733*l.* 2*s.* 6d.; and the net amount of Duty left in Scotland, 157,258*l.* 19*s.* 1d. The Duty was altered in the February of that year from 3*s.* 7d. to 2*s.* 7d.

2340. Can you state each of the three last years?—In 1823 the gross charge on malt made was 198,695*l.* 15*s.* 10d.; the amount of Drawback, 87,107*l.* 9*s.* 3d.; leaving the net charge, 110,921*l.* 15*s.* 4d. In 1824 the gross charge was 335,505*l.* 8*s.* 1d.; the Drawback paid, 194,154*l.* 17*s.* 6d.; leaving as the net produce 141,229*l.* 7*s.* In the year 1825 the gross produce, 467,695*l.* 0*s.* 6d.; the Drawback, 269,335*l.* 15*s.* 9d.; the net amount, 189,170*l.* 12*s.* 9d. In 1826 the gross produce, 345,694*l.* 19*s.* 3d.; the Drawback, 210,772*l.* 17*s.* 6d.; leaving 130,455*l.* 8*s.* 6d. In 1827 the gross produce, 340,077*l.* 14*s.* 3d.; the Drawback, 214,876*l.* 12*s.* 10d.; the net, 124,864*l.* 2*s.* 1d. In 1828, 484,193*l.* 14*s.* 1d.; the Drawback, 298,224*l.* 12*s.* 2d.; the net amount, 185,856*l.* 17*s.* 10d. In 1829 the gross produce, 464,414*l.* 2*s.*; the Drawback, 302,140*l.* 16*s.* 9d.; the net, 161,975*l.* 6*s.* 9d. In 1830, 514,392*l.* 12*s.* 8d.; the Drawback, 334,438*l.* 17*s.*; the net, 179,153*l.* 6*s.* In putting these three last years as contradistinguished from the three years preceding, any Drawback being given, I find the net amount of the Revenue derived from malt in 1828, 1829 and 1830 to be 526,985*l.* 9*s.* 5d., and the average of the three years in money to be 175,661*l.* 16*s.* 6d.; which, if multiplied by the proportion of Duty between barley, 2*s.* 7d., and bere, 2*s.* per bushel, or in round numbers by eight, will leave, for the ordinary consumption of Scotland, 1,405,295 bushels annually.

2341. Being an increase on the years 1818, 1819 and 1810 of how much?—Of from 60,000 to 70,000 bushels annually.

2342. Is there any other Account you can have recourse to which you consider as explanatory of this subject?—Having been so intimately connected with every thing concerning the Drawback, I am ready to give any information the Committee may desire, but I have nothing further to offer of my own accord.

2343. How long have you been connected with distillation?—Upwards of thirty years.

2344. During that period constant changes have taken place in the distillery laws, have there not?—There have been very great alterations, expensive and very ruinous to the trade.

2345. Have those alterations caused any very great expense to the traders?—They have.

2346. Under which of the alterations that have taken place do you consider the Revenue and the trade have best thrived?—I may say there have been four different systems during that period; the first was a license system, working against time; the next was the system of English regulations extended to Scotland; the third, a modified system of regulations made; and afterwards the present system, founded on an investigation and very full inquiry. Under the license system, the trade and the Revenue were more prosperous than under the two succeeding systems; indeed the English regulations were found inapplicable to Scotland altogether; the modified regulations were not completed; but under the present system the Revenue and the country certainly have prospered much better than under the two former; but the improved system raised a competition in the trade that has not allowed it to be so profitable to the manufacturer as the license system was, and which has not yet subsided.

2347. Without going into particulars, will you state the different quantities of spirit produced under the second of the systems you have mentioned, and under the last?—

last?—Under the licensed system, I find that 3,068,205 gallons were brought to charge in one year; that under the English regulations the charge was so small as 1,030,772 gallons in one year; and the highest charge under the modified system of survey was 2,566,676 gallons; whilst under the present system 6,000,000 of gallons have been charged with Duty for home consumption in Scotland.

2348. How many have been manufactured?—About nine millions of gallons in Scotland. The first three of those statements are in wine gallons, and the last in imperial gallons, so that, computing them all at wine gallons, the consumption of Scotland will be increased upon the three first quantities to 7,200,000 wine gallons.

2349. You have stated that it is under the last system that the trade and the country have most thriven; will you state your reasons for conceiving the last system has been the most beneficial?—I have said that the last system had not been so profitable to the trade as the previous license system; but to the Revenue and to the country it has been more beneficial in every respect; it has benefited the Revenue, inasmuch as it has raised the amount of Duty on spirits from 600,000*l.* to 1,000,000*l.* annually; and this without reducing the amount of the Malt Duty, after paying the Drawback.

2350. Did foreign smuggling and private distillation exist to any great extent previous to the Malt Drawback?—There was a good deal of foreign smuggling upon the coast; but private distillation overspread the whole country.

2351. Can you explain why the foreign smuggling existed to a greater degree before the Malt Drawback was given than it does now?—Foreign smuggling existed from two causes; the first, from the high Duty upon British spirits, but mainly from the inferior quality of British made spirits.

2352. Do you conceive the same quantity of spirits were consumed in Scotland previous to the Drawback as have been since?—My answer to that question must be more matter of opinion than of fact; but considering the prosperous state of the country, and the circulation of money during the war, I should suppose an equal quantity of spirits was consumed before that period as since.

2353. Then the extra quantity of spirit which was consumed formerly must have been made or introduced into the country illegally?—Yes, either by foreign smuggling or illicit distillation.

2354. In your statement from the Returns, you have shown, that previous to granting the Drawback the Revenue derived to the Crown was less than it is now, though that Drawback is granted; that the actual quantity of Revenue derived from malt previous to the granting of the Drawback was less than it is at the present moment?—Very much less; frequently not one half what it is now.

2355. Is the consumption of spirits in Scotland malt spirit or raw grain spirit?—Almost wholly malt spirits; in the last season, I think the consumption of malt spirits is 5,500,000 gallons in round numbers, and the consumption of mixed spirits only about 500,000 gallons; in fact, raw grain spirits are used now only for rectifying and making into compounds.

2356. What is the comparative amount of Duty paid on malt spirits and raw grain spirit in Scotland?—They are precisely the same.

2357. Are you aware how much Duty is paid in Scotland for malt spirit, and how much on raw grain spirit?—The difference will be just between five millions and a half, and half a million.

2358. How much malt spirit is made in Scotland, and how much raw grain spirit?—Speaking to the consumption of Scotland, it is in the proportion of five millions and a half, and half a million.

2359. The consumption of Scotland is chiefly in malt spirits?—Yes, it is in the proportion of eleven to one.

2360. Do you make that answer with reference to the consumption within Scotland?—Yes.

2361. Without reference to export?—Just so.

2362. Can you state the quantity of spirit that is made in the country?—I have already done so, as particularly as it is possible.

2363. You have stated that a great increase has taken place in legal distillation in Scotland; ought there not to have been, by your showing, a greater increase of the Duty paid on malt, for that increase of spirits?—I think not.

2364. State your reasons?—In the amount of Malt Duty, 1,335,173 bushels, annually charged in Scotland previous to the giving of the Drawback, there must be included a very considerable proportion of malt that was then distilled, and from which malt spirits were legally made, and also a proportion of malt sold to the

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smugglers,

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smugglers, from which illicit spirits were made. I have no correct means of estimating the quantity of such malt, but it may be fairly stated, I think, at one-third of the whole quantity, or 400,000 bushels annually.

2365. Do you think that the illegal distiller bought legal malt for the purpose of his distillation?—I know in some cases he did.

2366. Malt is not have been accompanied by a permit?—I do not know how it was accompanied, but I know that malt was sold to the smugglers; the Revenue Officers can speak to that better than I can.

2367. Do you conceive the Drawback given on spirits made from Malt only is beneficial or prejudicial to the Revenue?—The result is the best answer I can give to that question. The Drawback has annihilated foreign smuggling, illicit distillation, and private malting; it has raised the consumption of legally made spirits, as I have said, to six millions of imperial gallons annually, and increased the Revenue to a million of money, being upwards of 400,000*l.*, or double what it used to be.

2368. Do you impute that solely to the Drawback, or is there any other cause?—To a certain extent to the reduction of Duty, certainly.

2369. Do you consider that if the law granting the Drawback were withdrawn, it could be done with safety to the Revenue?—I think not, if the Malt Duty is maintained at its present rate of 2*s.* 7*d.* a bushel.

2370. Do you not, from your knowledge of Scotland, think that the withdrawal of this Drawback would have the effect of inducing illicit distillation again in Scotland, as much as it existed before?—I do not think illicit distillation would prevail to the same extent as it did before, but certainly it would be restored to a very considerable extent.

2371. Would not the public of Scotland in general rather purchase legally made spirits than incur the risk of prosecution by purchasing spirits from the smugglers?—Unquestionably, if they were convinced of having the spirits of the same quality; and that I hold to be one great benefit of the present law; it not only induces the manufacture of a good article, but it compels the production of malt spirit; and the public are satisfied of this, and that they buy from the licensed distiller genuine malt spirits.

2372. The public have confidence in receiving a genuine malt spirit from the malt distillers?—The result justifies this conclusion.

2373. Have you seen a proposition made in the Evidence of a Right Honourable Member of this Committee, which was laid before the Committee?—I have had the honour of having that proposition put into my possession.

2374. Have the goodness to state to the Committee your opinion of that proposition?—If I may be allowed to give an opinion against so high an authority as that of the Right Honourable Member, I must say, I think it would, if adopted, prove both injudicious and inefficient. It will be injudicious to raise up two Duties in so small a country as Scotland; and it would be inefficient, in so far as it would have a direct tendency to give the preference to the Highlands, and to establish smuggling within and from the northern line.

2375. Does it not amount to a bonus of 1*s.* 2*d.* in favour of an inferior article over a superior article?—The withdrawing the Drawback adds 1*s.* 2*d.* to the gallon of malt spirits, thereby making the Duty payable on the finer article that sum of 1*s.* 2*d.* per gallon more than the Duty payable on the coarse article.

2376. You are a raw grain distiller as well as a malt distiller?—I am.

2377. How would the alteration of this Drawback affect you?—I do not think that the repeal of the Drawback would affect me so much as others; it would of course add to the consumption from my mixed corn and grain distillery, and would take from my malt distillery; but I should have, in common with others, to dread the evils of illicit distillation, and the market being occupied from that quarter.

2378. Are the distillers from malt only in Scotland willing to undergo any new regulations which the Revenue may think proper to impose upon them to prevent fraud?—I have no doubt the malt distillers in Scotland are not only willing to undergo, but to point out, any regulations to prevent fraud.

2379. Are you aware of any new regulations which can be imposed upon the malt distiller which would have the effect of preventing fraud being committed by him?—When the last Malt Act was passed, I represented to the Excise the impropriety of letting down the stock system on malt, and allowing it to be carried without a permit; and I certainly would suggest still that a stock should be kept on all malt in the country where the Drawback was given, and that no malt should be allowed to be removed without permit.

2380. Would

2380. Would it be highly prejudicial, or not, to the distillers, if a law was made that they should be bound to make all their own malt on their own premises?—I am not aware that the benefit to the Revenue would be such as to justify the expense and inconvenience, for this reason, malt-houses are already erected in Scotland competent for the manufacture of malt from which the distillation is carried on; if those malt-houses were to be removed to the immediate neighbourhood of distilleries, the expense would be ruinous to the trade.

2381. In the Parliamentary Returns you have quoted, it appears that in 1823 the quantity of spirits sold is not so great as might have been expected from the alteration which had taken place in the Drawback during the year 1823; was it not universally known in Scotland that an alteration was to take place generally in the Excise Laws?—A reduction of the Duty was expected, and the sale of spirit was suspended as much as possible; the stocks were exhausted till the reduction did actually occur.

2382. Did the dealers, generally, purchase during that year the same quantity of spirits as they were in the habit of purchasing for their stocks?—Not previous to the reduction of the Duty.

2383. Do you recollect on what day that Act came into force?—I think it was the 10th of October. I remember our premises being beset by dealers from all parts of the country, applying and waiting for spirits at the low Duty.

2384. How were your people employed in your store during the 11th, 12th and 13th, the 10th being a Sunday?—Without referring to dates at once, I cannot answer particularly, but I know we were working night and day to get our large stocks of spirits delivered into consumption.

2385. Were you in bed during those three nights?—I know we were all very busy.

2386. You stated in your Evidence, in answer to a question as to the distance between Alloa and your distillery, and the risk which would attend the substituting raw grain for malt in their passage, that there were two reasons, the dread of penalties from detection in the passage, and the dread of penalties afterwards, when the Excise Officers inspected that stock on its arrival at the distillery premises; will you state to the Committee what those penalties are, and in what Act the penalties are to be found?—I cannot say without looking at the Act.

2387. Are you not aware that there are not such penalties?—I am not.

2388. You have stated that you have an objection to the alteration of the Excise Laws, by doing away with the keeping an account of the stock of malt, and the use of the permit in the removal of them; are you not aware that prior to that there were considerable frauds as to malt, by brewers selling credit in Edinburgh and elsewhere?—Under the certificate system, I have heard so, but I know nothing more of it; but that was a considerable time previous to the last Act. I see in the Act of 4 Geo. IV. just handed to me, there is a penalty for mixing raw grain with malt.

2389. The question refers to the substituting raw grain upon the passage?—I consider it to be the same as using it; if that is substituted and put into the malt store, it can get out only by being used in the mash tun.

2390. Can you state whether any frauds have existed, to your knowledge, in sending malt spirits into England without the repayment of the 1*s.* 2*d.* Duty?—I have no knowledge of any practice of the kind.

2391. Have you heard instances, or an instance, of malt spirits having been found at the door of a raw grain distillery, on their way to a place that was considerably distant from thence, and where they had to traverse the malt distillery again before they could reach it?—Never, where they had to be carried again near to the malt distillery from which they came.

2392. The question refers to a particular transaction, of a quantity of spirits having been found at a raw grain distillery that had been permitted from a malt distillery to Coldstream, being found at the door of a raw grain distiller near Edinburgh, and farther from Coldstream, and it being stated they were on their way to Coldstream by way of Edinburgh?—I have very great pleasure in having an opportunity of answering the question; it relates to myself. Spirits from my distillery at Westfield were to go to Edinburgh to meet the Coldstream carrier. These spirits were brought from Westfield to Haddington, which is on the way to Edinburgh, by my farm servants, to be forwarded by my distillery carts, and to make up a loading from Haddington distillery; they were there in the morning from seven to eight o'clock; they went to Edinburgh, and they went to Coldstream. That was my own transaction.

Mr.
Archibald Dunlop.
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2393. From your malt distillery to Coldstream, how many miles is it?—The road to Coldstream from my malt distillery is over a mountainous district of country, and the distance may be from thirty to forty miles; from my distillery to Edinburgh it is sixteen.

2394. How many miles from Edinburgh to Coldstream?—I suppose about the same as from my works.

2395. Then they were sent sixteen miles further?—I delivered them to the carrier, where I sold them.

2396. Would it not be possible to exchange those malt spirits for mixed grain spirits, and to send them into England through Edinburgh as mixed grain spirits without paying back the 1s. 2d. Duty; the question does not respect your intention, but the facility of fraud?—If the question arises generally as to the substitution of malt spirits for grain spirits, the thing may be possible for those persons who choose to undertake it; but I do not think it was very likely I should allow spirits to stand at the door two hours in their passage to Edinburgh, if I meant a fraud; but in the present case the substitution for England was impossible.

2397. You were mainly instrumental in having this system adopted of granting the Drawback on malt spirits at the time of the alteration in 1823, were you not?—I am not aware that I was, more so than other distillers.

2398. You advocated it at that time?—My Evidence then is open here to investigation.

2399. Have you always retained your opinion since, that it was advantageous to Scotland to have it?—I have been of that opinion very strongly.

2400. Do you recollect at any time having expressed that you did not care for this Drawback, except as the means of embodying the Irish and English distillers in an effort to returning to the system of separate duties for export?—I am not aware of having directly made any such admission; but with the same frankness that I explained the other matter I shall explain to the Committee the circumstance referred to. In a discussion with the English and Irish distillers upon the subject of the Drawback, I certainly stated that I did not think the Drawback would be so material to my interests as a distiller, if there were separate duties in working for the three countries, considering that by doing away the Drawback every common distiller would have admission into the different markets. I did so upon this fair principle, of legally benefiting my own interest by the opinion I expressed.

2401. In your opinion, the necessity of maintaining that Drawback was in reference to your own interest, and not to the interest of the country generally?—I have stated already my view of the subject.

2402. You are in the habit of meeting with the noblemen and gentlemen of rank in the county of East Lothian, and are always treated by them with respect and civility, are you not?—I have the happiness to live on good terms with most people in my own county, both high and low.

2403. Would these noblemen and gentlemen treat you with the civility and kindness you now experience if you were detected in committing any gross frauds?—I make no answer to that question.

2404. You are liable to very heavy penalties if detected in carrying on these practices, are you not?—Certainly.

2405. Do you not consider that you, independently of the penalties you are liable to, would run the hazard of losing your rank in society, by being guilty of such frauds?—Without any reference to my own situation, I merely wish to say, that I consider the Excise Laws sufficient for the protection of the Revenue; that the fear of exposure and dread of penalties are sufficient to prevent any man committing such frauds.

2406. What do you pay for labour by the day?—I pay my servants from 6s. to 12s. per week.

2407. With bed and board, or not?—Nothing else.

2408. How many have you at 12s. a week?—I cannot tell at this moment.

2409. How many have you altogether?—I cannot tell either just now.

2410. You are extensively engaged in farming?—I am.

2411. Can you state how many men you employ in your distillery business?—I really cannot say; I think I have about twelve or fourteen persons about my malt distillery.

2412. You must perceive it is impossible you should have any sufficient ingredients in your mind to state a certain price, unless you can state the number of per-

sons you employ; can you tell how many you employ in your raw grain distillery?—
I cannot.

2413. Can you tell how much per man you pay by the week for the persons engaged in the distillery of malt exclusively?—I suppose my average wages may be from 10s. to 12s., perhaps 11s. per week, taking them altogether; I do not speak correctly at all.

2414. What is your distance from the next water carriage; are coals near you?—Yes.

2415. What land carriage have you for coals?—We have from three to four miles.

2416. At what do you calculate a ton of coals?—They cost me 6s. a ton.

2417. You perceive that the difference between malt spirits and raw grain spirits, according to you, is 1s. 4d. per gallon, or 1s. 3d. the average, taking 5s. 8d. and 5s. 10d. as the price, and the average of 5s. 9d. of raw grain spirits, and the malt spirits at 7s.?—This is a mistake; the malt spirit is 11 per cent. over proof; the difference is about 6d. the gallon in round numbers.

2418. You mean to state the difference of 6d. a gallon in favour of malt spirits; the price of 7s. is merely at proof?—At 11 per cent. over proof.

2419. What would be the price in round numbers of raw grain spirits, 11 over proof?—About 5s. 9d. grain, and 6s. 5d. for malt.

2420. Do you mean to say that in your distillery the officer accompanies the malt from the malt-house to the distillery after the malt is made?—The malt-store is in the distillery, and immediately adjoining the mill; an officer takes it from the malt-store, and does not lose sight of it till it is put into the mash-tun in the distillery; when the malt is made for distilling, it is put into a lock-up place.

2421. There it remains till it suits your convenience to take it out!—Until notice is given for taking it out.

2422. It may remain there for weeks if it suits your convenience?—Or months.

2423. There is no protection during that time but the Revenue lock?—There is no other guard except the Revenue lock and seal, and a secured warehouse, and the responsibility of the trader for its production.

2424. When it leaves that lock-up house, do you mean to say that the officer attends it to the grinding mill?—He does; we have four officers on our malt distillery; there is one of them constantly on the premises.

2425. You are apprised that there is no law to prevent it?—I am not aware of that.

2426. Your mill is in the same premises?—It is within sight of the store and mash-house.

2427. Where do you store your raw grain in your premises?—I have no raw grain connected with my malt distillery at all.

2428. When it is ground, do you always immediately put it into the mash-tub after grinding, or do you store it all?—We are allowed only to have malt for one mashing out at a time; if the malt is not immediately put into a state of solution in the mash-tun, it must be locked up again.

2429. When you have malt ground, if it does not suit your convenience to mash it immediately, you know you are entitled by law to remove it to another store, to be locked up until it suits your convenience?—There are orders of the Board, independent of the law; there are a great many Revenue regulations which the Commissioners of Excise were authorized to make, and they have issued such for the peculiar security of the Revenue.

2430. Is there any regulation to prevent your taking the malt, when ground; back into the lock-up store, to be kept until it suits your convenience to mash it?—It is the order of the Excise so to do.

2431. Do you mean that the Excise have made a rule which has been communicated to you that requires you to mash immediately after you grind?—Either to mash or to have the ground malt put under lock under their care.

2432. In a separate lock-up house?—Yes, or in the ordinary store.

2433. Are you there entitled to keep it until it suits your purpose?—For myself, I never keep it; I have never ground it until I was about to use it.

2434. Are your stores composed of brick, or of lath and plaster, or stone?—I have no brick partitions; I think our stores are all built with strong stone walls, and all what we call comb-side, which is plastered.

Mr.
Archibald Denby.
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2435. Your store-room being lathed and plastered, you have it not in your power, by withdrawing a board, to pour raw corn into your malt store?—The thing is impossible, unless we remove the plaster.

2436. Are your corn stores above your malt stores?—I have no corn at Westfield; but in the ordinary process of malting, of course, there is corn and malt; it may be above the store, or not; I think it is not generally above any store.

2437. Do you attend practically to the distillery?—I do.

2438. At those periods when the officer measures the malt, and sees it taken to your mashing tub, do you attend?—No, I do not.

2439. Then you have given Evidence on that point from what you believe, not from what you know?—By no means; although I do not attend every day, I am in the habit of superintending the operations occasionally.

2440. You have stated in your Evidence, that the apprehension of the Malt Drawback being repealed, had produced a great effect on the price of whiskey in Scotland, and advanced it 6*d.* a gallon; can you give the Committee any reason for that?—I think I did not say it was advanced 6*d.* a gallon; I said there had been an advance of the wholesale from 6*s.* 6*d.* to 6*s.* 8*d.*; and in consequence of this investigation, it occurred that some alteration might take place in the malt Drawback.

2441. You also stated that the taste for malt spirits was so decided, that the consumption as compared to corn spirit was as eleven to one; do you think that an increase of Duty of 6*d.* or 8*d.* a gallon would effect that proportion?—I have no doubt it would.

2442. That so small a rise as 6*d.* or 8*d.* a gallon would have that effect?—I think it would.

2443. To what extent?—It is impossible to hazard an opinion upon that subject; it would be wrong to attempt it.

2444. How near is your malt-house to your malt distillery?—I have more than one malt-house; I have one in Haddington, another at Aberdour, one at Dunbar, and one at Tranent.

2445. What is the greatest distance any of those are from your distillery?—Dunbar is about twelve miles.

2446. Is that land passage?—Land passage.

2447. During the entire of that way, the malt is in the custody of your servants?—Very seldom of my own servants; generally of hired carriers.

2448. Still they are your servants, persons whom you employ?—They are common carriers.

2449. In the case of the last-mentioned malt-house, does an Exciseman always come with the malt?—Never.

2450. You have stated in the previous part of your Evidence, that the malt from the malt-house to the distillery was always attended by an Excise Officer?—By reference to the Evidence it will appear that that was not my statement.

2451. Do you sell malt?—Never.

2452. In the different parts, to which of the alterations do you consider the increase of the Revenue mainly attributable, to the Drawback or the diminution of Duty?—The increase must be attributable to both; but I do think, comparing the manufacture of malt spirits, that the allowance given on them has been more instrumental in the suppression of illicit distillation and the production of good spirits, than any thing else.

2453. The one existed three years before the other; the Drawback had three years' precedence?—There was a partial allowance on malt used in the distilleries previous to 1823, but the Malt Drawback came into operation in 1823.

2454. Has not the increased Revenue been greater since the diminution of Duty?—There has been a progressive advance since 1823.

2455. If it has been greater to a very great degree since 1823, that will not depend on the Drawback alone?—The Drawback and the diminution of Duty came together, they came into joint operation together.

2456. Was not the Drawback in existence before that?—Not the Drawback; there was an allowance of 1*s.* for two years before; but the Drawback as it exists came into existence at the same time with the reduction of Duty.

2457. The

2457. The Drawback is now 2s. 4d. ?—It is 2s. 4d. per bushel on malt, or 1s. 2d. on the grain spirits.

2458. It was in those two years only 1s. ?—Just so.

2459. Was it not known during the whole of 1822 and part of 1823, that it was the intention of Government to make a general alteration in the distillery laws?—It was unquestionably; the Act passed some time in June, and the reduction of Duty took place in October.

2460. You have said that malt could be easily distinguished from barley; if they were mixed, do you mean to say that any officer could swear so as to lead to a conviction?—I cannot say that any officer could swear so as to lead to a conviction, but I would have no difficulty myself in giving Evidence whether barley had been steeped or not.

2461. For instance sprouted grain?—That is unquestionably an exception, and must be considered malt.

2462. You have stated in your Evidence, that in 1821 there were only two millions of gallons distilled in Scotland, and now there are about nine millions; can you inform the Committee how much malt would be consumed in the manufacture of those extra seven millions of gallons?—I conceive the manufacture of spirits in Scotland to be nine millions of gallons, and taking the legal imposition of 1½d. being left for Malt Duty on every gallon of spirits so manufactured, the amount of Malt Duty upon the making of such spirits upon nine millions of malt spirits, would be 56,250*l.*; and again supposing eight bushels to the pound, at half a crown Duty, would make 450,000 bushels, or just about the quantity I have estimated in a previous part of my Evidence, for the malt left for distillation previous to the Drawback taking place.

2463. The question is, whether you can state to the Committee what quantity of malt it would be necessary to use in manufacturing the seven millions extra gallons?—I cannot answer what other persons may do; I see Returns of malt used, but some of them are very erroneously stated.

2464. What quantity of malt do you use in your raw grain spirits?—It depends very much on the quality of the grain I am using; sometimes I use more, sometimes less. I have used an eighth, I have used a twelfth, I have used a twentieth.

2465. Your accounts are of course kept very accurately; have you no mode of ascertaining the quantity of malt you use in your raw grain spirits by the year?—Most certainly.

2466. Have you those means in London?—I have not.

2467. Can you give an estimate approaching to accuracy?—I have said I sometimes use an eighth, sometimes a twelfth, and sometimes a twentieth; but I am satisfied that we all use too little; that it would be more for our benefit if we used more, if it was not the temptation of restricting the quantity from the high Duty.

2468. You have spoken of the legal imposition of 1½d. a gallon for the Malt Duty; have you not given Evidence before other Committees of the House of Commons that it was 3d. a gallon?—I may have given Evidence of its being 3d. a gallon, and very probably it was so at the time, for there was not then the inducement to make malt spirits which there is now, and we were required to make a better article, and of course used more malt in it.

2469. You have kept an account of the average quantity of malt you have used for the last two years?—I have; I may have used a tenth or a twelfth for the last two years.

2470. What quantity of spirits have you made during those last two years in your raw grain distillery?—I suppose about 600,000 or 700,000 gallons in the two years.

2471. Is not the lock-up store in which malt is kept to the full as safe as The King's bonded cellar, in which spirits are placed?—I can see no difference in the bonding stores I have.

2472. Have you any malt made from last year's grain, which was a deficient crop, remaining on hand?—Yes, we have.

2473. Is it to any amount?—We are just about finishing the working up of our last year's grain.

Mr.
Archibald Barclay.

27 September,
1831.

Mr. John Beith, again called in; and Examined.

Mr. John Beith.

27 September,
1831.

2474. HAVE you read the opinion expressed by Mr. Frankland Lewis?—I have read it this morning. I was asked yesterday whether I thought that, by an additional Duty of 4*d.* on a gallon of Scotch spirits, the manufacture of it would be injured, or an inducement be thereby given to illicit distillation; and I answered, that I thought it would not; but I did not know then, that along with that increase of Duty Mr. Lewis proposed to reduce the Duty on raw grain. In his view of it, it would encourage the manufacture of illicit spirits, in my opinion.

2475. Do you understand that by Mr. Frankland Lewis's proposition, the raw grain distiller receives a bonus of 1*s.* 2*d.* a gallon over the manufacturer of the finer article?—Yes, I understand so.

2476. Do you consider that such a bonus given to the inferior article would have the effect of driving the superior article out of the market?—That is my opinion.

2477. If the superior article was so driven out of the market, would that not have the effect of inducing illicit distillers to recommence working to supply the palate of those who prefer malt spirit?—That is my opinion.

2478. Is it your opinion that the small capitalist, who now carries on the trade of a legal distiller in the Highlands, would be able to carry on his trade if he was subject to the expenditure of a much larger capital?—No, he would not.

2479. If the legal distiller in the Highlands of Scotland was driven out of the market, what would be the consequence in those Highland districts with which you are acquainted?—That the smuggler would recommence his operations.

2480. Is there nobody of sufficient capital in the Highlands of Scotland to be able to pay the Malt Duty in advance; are their capitals all so contracted a sphere?—No; but they could not do that and sell their whiskey so cheap as to discourage the illegal distiller.

2481. Has not the influence of the landlords in Scotland had a great effect in suppressing illicit distillation?—Yes; but some of them became legal distillers for the purpose.

2482. Have you reason to suppose that if the Drawback was done away, those landed proprietors would cease their efforts to suppress illegal distillation?—No; I am sure they would not cease their efforts to suppress illegal distillation.

2483. Do you think their efforts would be successful?—They would not be successful, because the legal distiller could not sell his whiskey so cheap as to prevent it.

2484. Would it, or not, be the interest of the farmer in the Highlands to aid and abet the illicit distiller, if by putting a stop to those legal distilleries you deprive him of that ready market he now enjoys?—It would.

2485. You have been examined with regard to the effect of the proposition of Mr. Frankland Lewis on the Highland distillers; would it not be still more injurious to the Lowland distillers from malt?—It would, I think, because there is an increase of 8*d.* in the one case, and 1*s.* 3*d.*, I think, in the other.